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7 May 1982

LATIN AMERICA REPORT

No. 2499

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EVENTS CREATE SHIFTS IN POLITICAL SCENARIO

Buenos Aires LA NACION in Spanish 13 Apr 82 p 8

[News commentary: "In a Different Country"]

[Text] A group of old hands in Argentine politics played a dirty trick that was somewhat uncomfortable for the head of the Southern Cone of the U.S. State Department, Robert Service, when they met Saturday afternoon to express to him the multiparty sector's viewpoints on what is happening.

One of those present described the scene with a metaphor that is well-known: "For a moment, he appeared to be against the ropes; that was when he was told that the United States should be extremely careful about the steps it is now taking so as not to push us into seeking support we do not wish." The television screens of the American Embassy at that moment were showing scenes of the Plaza de Mayo where the crowd was indicating its openness to any favorable alternative.

This had caused some observers to conclude that the Haig mission had taken note of resolute political and public support to keep the national flag over the Malvinas as a significant factor. Added to this was the justifiable concern of the most influential parties of the opposition--equally solid on this point--with respect to the possibility that the USSR will become an inevitable ally of Argentina.

This possibility genuinely disturbed the moderate majority of the multiparty sector who with reason supposed that the tightly knit team task of the Military Junta, the Joint General Staff and the Foreign Ministry was to duly clarify a situation in which facts and hypotheses are dangerously intermingled. An intelligence task in which, of course, pragmatism is an essential instrument of action.

Malaise is certainly not the exclusive province of a few. Francisco Manrique emphasized to LA NACION that as he awaited the outcome of the United Nations vote he was satisfied, everything considered, by the abstention of the Soviet Union. In his opinion, no matter what the outcome of the crisis, "Argentina will continue to be a member of the Western community."

The head of the Federal Party ended a continental tour of Mexico, Colombia and Brazil on Sunday with a very eloquent argument: "Argentina has not only recovered what belonged to it but in defense of the free community has assumed the role that falls to it because it is present in the strategic South Atlantic, which was abandoned years ago with the disappearance of the British Empire and which was thereby exposed to the penetration of other interests that wish to support us; this should be understood by the United States and the European Community, a view that was shared by those on the American continent with whom I spoke." One of these persons was the president of Mexico, Lopez Portillo.

After 2 April

The country since 2 April--it has been said and will be said--is different from the political standpoint; and there is no word to better describe its change than catharsis, that is, a kind of purification of behavior and styles in which prejudices have disappeared although clearly at the risk of naivete's exceeding the possibilities.

This risk was incurred at the moment it was observed that the minds of men were ready to assume political attitudes capable of transforming the national reality. More than proposals or formulas, several rough outlines were prepared whose only point of agreement is the need to give practical shape to the feeling of national unity expressed so powerfully by the people.

It is obvious that the government and the multiparty sector are the elements which are moving in that direction with the greatest clarity; however, it would be a mistake to confuse their actions. A generic invitation has been made from the Casa Rosada under the pressure of events; however, the minister of interior, General Saint Jean, had to call for calm so as not to distract attention from the basic objective of the hour.

In the multiparty sector, to the small extent that it goes beyond the pronouncements of "the five," one notes the concern of the UCR [Radical Civic Union] that political action supportive of and committed to the national interest be efficient: "It has to be independent and autonomous from the government, even though we all have the same strategy" (Antonio Troccoli). Consequently, the radical sector is not ready to make any subsequent political commitment other than reaching agreements to attain the constitutional solution.

In the Justicialist sector, opinion is divided, although it seems unlikely that its final decision will not be influenced by the radicals' position. The Christian Democratic sector--without dismissing the possibility of some internal opposition--is, perhaps, the sector most ready to move forward along the government's lines. "Although it is clear," one member of the directorate said, "this would mean a review of economic and social policy." This point of friction has not been submerged by the Malvinas crisis; therefore, any debate or analysis of the new form of political coexistence should not ignore this point. A similar thought was picked up from the MID [Integration and Development Movement] and even more sharply from Dr Oscar Alende's party.

The Civilian Council

The political meeting of notables and parties which the multiparty sector is proposing will be unable to draw too close to the government's position for the reasons cited and because it is unknown what answer the alliance of "the five" will find among the parties of the centrist sector, which are 8 months behind in the convening of their meeting. Manrique, for the time being, has told LA NACION, "I will only be in agreement with the great national objectives --the Malvinas; however, I will not join with those who for some time have wished to cross over the Jordan, knowing that they are going to sink. We will continue to move in the direction we have always moved, with the ideas we have always had, which are precisely those with which the country has begun to win back its dignity and courage."

In a related matter, we have not observed official pressure which could mobilize the FUFEPPO [Popular Federalist Forces] integrally behind an ambiguous formula which for the moment is being proposed by the multiparty sector. "The five" will find better reception in the Progressive Democratic Party and in the Social Democratic Party. However, one conclusion cannot be avoided from any perspective: The Argentine political scene has changed substantially.

8143

CSO: 3010/1356

NATIONAL MILITARY PROGRAMS COMPARED WITH BRITISH

Buenos Aires LA NACION in Spanish 13 Apr 82 p 13

[Text] (DYN)--Great Britain spends \$440 per capita annually on its current military budget, while Argentina spends \$105 per capita for the same purpose, according to sources close to the military strategy sector.

However, the total amount involved over the last 2 years--\$25 billion and \$7 billion, respectively--is proportionally equal, as both countries are spending 4.5 percent of their gross domestic product [GDP] on the maintenance of their military forces. The difference in figures derives from the fact that Great Britain's GDP is equal to about \$390 billion while Argentina's GDP would amount to somewhat less than \$100 billion in 1982, the spokesman added.

This year Great Britain has a defense budget of 14 billion pounds sterling--\$24.640 billion, using \$1.76 per pound as parity--of which it will spend 6 billion pounds--\$10.56 billion--on military material and research and development activities. Margaret Thatcher proposed that 90 percent of the monies earmarked for arms purchases will go to domestic industry, which will give employment to 500,000 persons, according to the British Secretary of State for Defense.

In the 1982 draft budget--prior to the Malvinas conflict--Argentina reduced military expenditures by 10 percent, which would mean outlays of about \$4 billion; however, it will continue its arms modernization plan, 60 percent of which would require purchases from abroad, the spokesmen of our country said.

According to the World Bank, the similarity in the military funding of both countries was noted in 1978 when Argentina earmarked \$36 per capita for the defense budget--excluding equipment--\$25 for education and \$6 for health, while Great Britain spent \$220, \$40 and \$145 per capita, respectively.

British Program

The ambitious military restructuring plan implemented by the conservative government focuses its attention on nuclear-strategic material. The controversial change was initially denounced by then minister of the navy,

Keith Speed, when the government stated that it would give priority to the construction of nuclear submarines and would place in service a new class of classical electrical diesel propulsion submarines.

Each nuclear submarine has a current cost of 177 million pounds (\$311.5 million). In Great Britain, there is only one shipyard that builds nuclear submarines, the Vickers company, which will have work for the next few years, as it must deliver five new units as soon as possible.

The great problem confronting Great Britain is arms costs which are increasing sharply: for example, the Chevaline project increased in cost from 250 million to 1 billion pounds and the cost of a Type 22 frigate increased from 95 million to 125 million pounds per combat unit.

This decision has prompted heated debates, and the Labor Party has already announced that if it comes to power it will replace the Trident program--eight nuclear warheads per missile--with a cruise missile program--which is cheaper. They cite a study by Cambridge University which says that the arms race "not only is not stimulating British economic growth but rather for every \$1 billion invested in arms 6,000 new jobs are created whereas if spent on government programs would have created 100,000 jobs and if freed for private consumption through tax reductions, that sum would permit the creation of 112,000 new jobs, in an economy that is inexorably approaching 3 million unemployed," diplomatic spokesmen said.

Argentine Program

As for Argentina, this country has a base program of military investments of \$10.7 billion for the next 4 years, according to private sources, which could be maintained if the country's economy does not deteriorate further.

From 1968 to 1974, Argentina spent 2.5 percent of the GDP annually on military materials, a level which increased to 3.5 percent in 1976 because of the antiguerrilla campaign; in 1978--the Beagle crisis with Chile--the budget was \$2.1 billion; and in 1980-1981 it increased to \$4.5 billion, plus \$500 million in special expenditures, the spokesmen said, this being justified by devaluations of the pesos and the high financial service on the military debt.

In the last few years, a special effort has been made to reinforce the equipment of the navy and air force, although the army--with \$2 billion--continued to head the list of investments. The current program--a large part of which is on hold because of the transitory embargo imposed by Western Europe on Argentina after the retaking of the Malvinas archipelago--this includes among other materials: 57 "Kuerassier" tank hunters, eight submarines, two "Meko" destroyers, six "Meko" corvettes, eight "Mirage" airplanes, 16 "Turbo-Commanders," eight "Bell" helicopters, 10 "Roland" antiaircraft missile batteries, two "Super-Etendard" airplanes, 27 "Daimler" tanks, an unspecified number of "AM1-60" and "AM1-90" armored cars, 800 light armored personnel carriers--in cooperation with France--antitank cars, missiles and new supersonic airplanes of still-unspecified make.

SINCERITY OF SOVIET 'FRIENDSHIP 82' OPERATION QUESTIONED

Buenos Aires LA NACION in Spanish 13 Apr 82 p 8

[Editorial: "Friendship 82"]

[Text] A photo published recently in our newspaper showed a large column of Soviet tanks crossing the northeastern part of Poland to participate in joint maneuvers with Polish and East German forces. This operation, with supreme disregard for the real meaning of the words, was called "Friendship 82."

Strange faces make friends in the distorted mirrors of totalitarianism, and it is easy to imagine the warm feeling of "friendship" which the subjugated Polish people must have experienced at the sight of the powerful tanks of the USSR massively cutting tracks into their territory in the name of one of the sentiments dearest to the spirit of man.

It has been said, "When one is born, he learns to speak." Human nature is determined by language. What is more, if speech defines man's identity, man has made speech the most subtle of instruments for the expression of his view of the world.

In order for the verbal code utilized by our species to maintain its expressive value, it is necessary at all costs to avoid the misuse of words. When words are used for the purpose of disguising thought, we enter the field of distortion, as we abandon dialog which is the highest form of human spiritual communication and plow the ever-sterile field of rhetoric with sophistic pronouncements.

At a dramatic moment in contemporary Spanish history, Miguel de Unamuno said, "You will conquer, but you will not convince." Four decades after this statement, we can ask the question, "Can a real victory exist where there is no conviction?" Of course, our question was posed from an ethical level, a level foreign to the preoccupations of autocratic regimes which are only concerned with power, by power per se, and which in the attainment of an end are undeterred by the clouded quality of the means.

One of the most representative humanist thinkers of the 20th century, Albert Camus, wrote in one of the articles characteristic of his continuing fight against all forms of totalitarianism: "Friendship is the science of free men."

This "Friendship 82" is the cynical proclamation of the "friendship" which may be offered to its satellites by the hegemonic delirium of Soviet imperialism in full centrifugation of its sphere of influence.

Men who truly want peace to prevail between nations and want friendship between peoples to be something more than a finesounding phrase should reflect on the distance between peace and that ingenuous pacifism brandished and manipulated by pro-Soviet instrumentalities. The USSR is exploiting the peoples' genuine desire for peace and is trying to impose "Pas Sovietica." Its tanks advancing in Poland toward "Friendship 82" are an eloquent example of its true intentions.

8143

CSO: 3010/1356

SILES ZUAZO CALLS FOR POLITICAL UNITY

La Paz HOY in Spanish 28 Mar 82 p 6

[Text] There must be a unity movement in Bolivia to bring the country out of the debacle in which it finds itself now and this situation is of such magnitude that it requires a maximum sacrifice and greatest renuncements so as to move forward to a viable and stable democracy which may allow a lasting economic and social development.

This was one of the main parts of a statement made to this morning newspaper by the former presidential candidate from the People's Democratic Union-UDP, Dr Hernan Siles Zuazo, by telephone from Lima, Peru.

He emphasized that a country like Bolivia has never weakened before misfortune and although its citizens have been denied the right to decide their own destiny, no one nor anything can deny their right to rise once more from the depths into which an attempt was made to sink them. He said: "From that is born a great national responsibility, which is not the inheritance nor the exclusive property of any sector of the citizens, but rather of the people themselves through their own recourse of democratic recovery, and in this dramatic moment, the unity of Bolivians is an unpostponable imperative above any ideological or party difference."

When asked whether the call he made from where he is, convoking the presidential candidates of the last elections, had been successful, Dr Siles Zuazo maintained: "I believe the response was generally positive, particularly because it was made by the most representative political organizations of the country."

As to the statements by Gen Hugo Banzer Suarez, who expressed happiness at not being included in the convocation because Siles Zuazo represented international interests, the UDB leader maintained that the statement is a lie and he categorically rejects it, because we have always maintained an irreproachable and unbribeable conduct of service to the Bolivian people and we respond to the high interests of the country and the basic needs of the economic and social development of the Bolivian people.

Referring to what Dr Victor Paz Estenssoro said, that while he is very much in agreement with his proposals, the conditions are not yet right for calling for immediate elections, the chief of the MNRI [National Revolutionary Movement of the Left] emphasized that the seriousness of the economic and social situation the country is facing requires urgent, not dilatory, solutions. "That is why we insist on the need for a call to elections so that the people may say what they feel at the polls, what they demand and want from the de facto government headed by General Torrelio, for a widespread democratization of the country in which every Bolivian, without discrimination between civilians and military, may express his desire to survive this disastrous situation," he said.

When asked by this morning newspaper as to what he thought about the statements by a military chief that the armed forces did not wish to talk to him, Siles Zuazo said: "This demonstrates an unfortunate confusion in the midst of the armed forces. Contradictory statements have been made recently by several representatives of the military institution, which also indicate profound divisions within the military hierarchy as a result of their permanent desire to prolong a system which is far from national aspirations, far from what freedom and democracy mean, and far from the expressions of sovereignty at the level of political parties, union organizations and civic and religious entities which constantly and with anguish demand a broad democratization with the participation of all Bolivians."

With respect to the proposals by the Christian Democrats that a constituent assembly be convoked, the UDP chief, who has been in exile in Lima since the military coup of July 1980, said verbatim: "I am respectful of the opinions of political parties in Bolivia, but I do not believe Christian Democracy is the path of the decisions and aspirations of the people. A constituent assembly would mean a dilatory expedient; it would mean the study, analysis, examination and finally the determination of a legislation on political parties, electoral law and the bill for constitutional reform. Instead of shortening the periods of time the Bolivian people demand with anguish, the desires of the military hierarchy are fulfilled--they have indicated a period of 3 years, which could be prolonged indefinitely. It would be nothing unusual if in the hypothesis that the 3-year proposal of the Military Junta were to be accepted, at the end of the period it would be said that conditions were not right and another 3 or 4 years would be set for the democratization of the country. These terms are unacceptable, particularly given the gravity of the crisis and the urgent need to face the solution of this situation of economic and social disaster in the country with a collectively shared determination and sacrifice."

In answer to the question on what could be the solution to the political and economic crisis Bolivia is undergoing, Dr Siles said that first there must be a democratic opening and the creation of a responsible government based on universal suffrage with the participation of the workers of the rural areas, mines and cities in the decisions which make the future and history when the people are served and promises to them are kept.

The chief of the MNRI, according to his statements to this morning paper, is convinced that if there were a government resulting from a national majority, it would have the international economic support for overcoming the crisis of the country. He recalled that in the 1980 democratic process there were already

specific unconditional offers not harmful to Bolivia "among which were those offered in the United States, Venezuela or European democratic industrialized countries, since it was feasible that in a period of one or two years loans amounting to \$500 million could be obtained the first year, perhaps rising to \$1 billion in the second year in power of a genuinely democratic government," he said.

Finally, referring to the problem of the narcotics traffic, Siles Zuaso said that it is a most worrisome situation for the people as a whole and he indicated that if he were to be elected president of Bolivia "We would be inflexible in the repression of those criminal activities."

8908

CSO: 3010/1353

NEW POLITICAL MOVEMENT FAVORS INTERIM GOVERNMENT

La Paz HOY in Spanish 28 Mar 82 p 6

[Text] Santa Cruz, 27 Mar--A group called "Generational Reformist Movement" appeared in the political arena, advocating a national transition government in which it advocates the participation of Col Gary Prado Salmon and Gens David Padilla, Lucio Anez with the support of "worthy military men and civilians."

A document "In Search of a National Solution," is circulating in this city, signed by the Generational Reformist Movement, but no names are included.

It makes an evaluation of the present situation, indicating that the crisis has no precedent in the history of our republic. "As of the result of the existence of a dictatorial system in which the impunity of crime and the reversal of values in every respect characterizes the government which has been ruling the country since 1979, we have reached the conclusion that we are undergoing a chaos which has been designed for destroying the country."

It points out that this state of things is not the result of bad military governments but that this responsibility is shared by the actions of some civilians of servile and coupist training who act in the interests of personal greed." It proposes the creation of a government negotiated with the people and of national transition whose purpose would be the institutionalization of public powers, the incorporation of new values to national work, the recognition of the few citizens of patriotic courage who never changed their conduct in the struggle for the existence of democracy, and the judgement without consideration of those who criminally handled the property of the states, which is the property of the people.

The statement says that the men identified as "having all the attributes for these tasks are Gens David Padilla, Lucio Anez and Col Gary Prado Salmon."

8908

CSO: 3010/1353

BUSINESS GROUPS, POLITICIANS ISSUE PROPOSALS

La Paz ULTIMA HORA in Spanish 31 Mar 82 p 5

[Text] Private enterprise and the People's Democratic Movement (UDP) Front have recently made proposals that the Catholic Church assume mediation in a national dialogue aimed at resolving the social crisis deriving from the distressing economic situation of the country.

The UDP advocates that the Press-Radio Agreement also perform the same mediating activity.

Previous initiatives in the same aspect were made by four former presidents, political and civic organizations and others which have expressed they find themselves profoundly concerned by the national situation and the unforeseen consequences it may have if a unified and supportive line of conduct is not adopted among all the factors of power, including the armed forces and the church itself.

Businessmen

The Confederation of Private Businessmen yesterday published a statement in which, repeating what it proposed recently to the military chiefs, "It fully supports the call to a dialogue made to the Bolivian church."

It added that "Bolivian private enterprise believes that the moderator of such a meeting should be the church," for which purpose it made contacts with church prelates it was learned today.

The text of the businessmen's statement is contained in another part of this edition.

The UDP

Copies of two notes written on this date by the UDP to the Episcopal Conference of the Catholic Church and to the Press-Radio Agreement, reached this office this morning. In them it is requested that those bodies mediate the holding of a dialogue of national conciliation.

The note sent to Monsignors Luis Rodriguez and Alejandro Mestre, president and secretary of the Episcopal Conference of Bolivia, says: "If things continue as they are going now, confrontation as another way of resolving things will tend to be dominant," referring to the general crisis the country is undergoing.

It adds: "To avoid the foregoing and because we believe it is still possible for obtaining a political solution of the broadest national consensus, we request the church to agree to perform a patriotic task of MEDIATION, which will allow the various factors concerned to have the suitable framework and conditions for reaching a national agreement."

It states that a like mediation has been requested on this date of the Press-Radio Agreement "So that both institutions will jointly provide a service the country needs and which is imperative."

The UDP leaders then state: "The framework and conditions (for the dialog) must be provided by the existence of political freedom by means of the abolishment of the emergency measures of July 1980, which place restrictions on the full existence of the Political Constitution of the state."

They believe that "this measure is the first step for the effective work of mediation followed by the convocation to a dialogue which will make the solution possible."

They conclude by expressing the hope that this request will be well-considered because it is moved by the desire to "seek a solution to problems within the context of democracy and pluralism as against impunity, illegality and terror as forms of government we must banish forever."

More or less the same ideas are contained in the note sent by the UDP leadership to the president of the Press-Radio Agreement, Dr Carlos Serrate.

The signers of the two notes are Mario Velarde Dorado for the MNRI, Oscar Eid Franco for the MIR [Movement of the Revolutionary Left] and Jorge Kille Cueto for the PCB [Bolivian Communist Party].

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CSO: 3010/1353

FUNDAMENTAL ASPECTS OF CRISIS VIEWED

La Paz PRESENCIA in Spanish 2 Apr 82 p 3

[Editorial: "Avoid the Coming of Worse Times"]

[Text] No one denies that the crisis we are undergoing is extremely serious: Not even the elderly recall times in our past that were so hard. For that very reason measures must be taken to prevent worsening conditions in the economic area because it would bring inevitable consequences in the social and political aspects.

To predict what could happen, we believe it proper to analyze that which is happening in nations such as Chile and Argentina, countries which are more solid than we are, richer, but which also find themselves in very difficult situations. They also had times of some growth when investments and loans were being received. In our case, let us recall the small economic "boom" of some 9 years ago, when many loans were forthcoming. However, later came the time to make payments and then the crisis exploded.

To those investments and foreign loans was added a liberal type policy, which while at the early times of its application brought a certain growth, it subsequently led to largescale economic and social disorder, particularly when that liberalization reduced customs tariffs.

We already see what is happening in the aforementioned countries. Profits have been restricted to a very small minority of financial and speculative circles which have enormously increased their wealth with their concomitant political power. In exchange, national industry, ranging from the production of food to that of manufactured articles has gone into a widespread decline, as has ordinary business.

Inflation becomes worse, while the real price of the dollar increases. Unemployment grows because of two basic reasons: The plants which remain in operation have to restrict their production for a reduced market, which even so is laden with imports which pay almost no tariffs; in the second place, because the companies many times have to shut down because of bankruptcy at a time when the unemployed workers cannot find new jobs because there are no places to put them.

A similar situation is beginning to be seen in Bolivia.

Here, however, the consequences could be worse because of our weakness. For example, our industries in many cases are close to a shutdown, not because there are many legal imports but because the evil of smuggling persists and even grows and smuggled articles are sold in broad daylight.

Not only is there unemployment but the sectors which continue to produce are beginning to feel serious difficulties, as is demonstrated by the fact that they have been able to raise the workers' wages only a small fraction with respect to the rise in the cost of living. In neighboring countries there has been the surprising case, perhaps for the first time in history, that in order to prevent greater evils the workers have seen themselves forced to negotiate a decrease in pay, trying to make it as little as possible.

There is one fact that should attract the attention of our authorities and that is the dissatisfaction expressed by the workers and businessmen. Both sectors feel equally affected, which demonstrates not only the magnitude of the crisis but that measures taken--very constructive in the offices of planners and in books laden with theories--are far from achieving the objectives for which they were written. The failures seen today are the same one which have been happening there where economic liberalism was imposed many decades ago.

This is not practiced in even the richest countries simply because they do not allow the reign of laissez faire, laissez passer, which a century ago was trusted. The criminal thing is that now it is the undeveloped countries which are trying that experience as if they did not know what the results could be.

We are still in the first steps of the process. However, what we have seen in other countries should be enough to make us try corrective tactics. Otherwise, we shall soon be in worse conditions than the present, conditions which are bad enough to cause alarm in all circles.

8908

CSO: 3010/1353

MILITARY INSTRUCTED TO RESPECT ELECTION RESULTS

Sao Paulo FOLHA DE SAO PAULO in Portuguese 4 Apr 82 p 8

[Article by Guilherme Costa Manso: "Military Receive Instructions On Coming Elections"]

[Text] Brasilia--In recent secret meetings, the military chiefs of the country received two basic instructions: Respect the results of the 15 November elections, insuring the installation in office of the elected candidates, and to seek the greatest possible coordination with future opposition governors.

The armed forces are trying to make sure they are not taken unawares. They know, and are making provisions for it, that the opposition will elect a large number of legislators to the National Congress as well as the governors of the most important states. Obviously they believe the PDS [Social Democratic Party], the government party, has a chance to elect at least 30 to 40 percent of the candidates competing for office on 15 November and, while they are already imbued with the need to respect the electoral results, they are not yet willing to accept alternation in power.

In secret meetings, which have been taking place frequently because it is an election year, there has been an exchange of ideas and the political situation of the country has even been debated. Secret reports are presented to military chiefs containing the results of surveys taken throughout the country on the most popular candidates and on their ideological tendencies. The union situation throughout the country, the candidates supported by the unions, as well as their political convictions, community movements such as the Base Ecclesiastical Communities and outlawed parties are being carefully watched and even contained in those reports, in short, it is sought to separate everything that is considered government from that which is considered the opposition.

The military does not wish to be caught unawares, and while they are not yet convinced that the opposition is capable of governing the country, they know that from here on they will no longer have to cope with speeches against existing economic and political order but with state governors who will put into practice the opposition theories they advocate.

That is why the area commanders are also preparing themselves for a new period in military administration in which dialogue and tolerance will be indispensable for a minimum of peaceful coexistence. Today, for example, the military chiefs in the majority of the states practically decide on security affairs, including union and student movement repression.

Opposition governors elected as a result of promises made to the people should act with restraint with respect to social conflicts in the states. Area commanders, who are not subordinated to the governors, are therefore preparing to exercise tolerance so as to coexist with contrary and discordant ideas, and for the exercise of politics, to which they are to say the least, unaccustomed.

Also as part of the adaptation of the armed forces for coexistence with political trends other than those of the government, there is the reformulation of the DOI (Department of Domestic Operations), a patient careful work, as of one who disarms a mine with every care to prevent its detonation.

It is worth recalling that the CODI [Internal Defense Operations Centers] are considered permanent agencies and will not be changed, especially since state governors and the secretaries of justice are part of them.

The DOI, which in turn is subordinated to the second sections of the armies [G-2, Intelligence], has been undergoing reorganization for almost a year, since the Rio Centro bomb explosion, when it was confirmed that the maintenance of operational groups of the system was not practical. Probably as of this year the DOI will exist in the future only in a latent state, that is, its members will be demobilized from operational tasks and act only as analysts in the future.

According to an important military source consulted yesterday, the DOI was created for the collection of intelligence by unconventional means and is activated by the chiefs of staff of the armies. According to the general consulted: "It should only function when necessary, when there is armed struggle. For that reason," he continued, "it will only be demobilized, but it will continue to exist potentially. If there is no active subversive agent, there is no need for an action in response. Therefore the agency will be inactive, it does not matter whether with the same name or not because the name is of little importance."

The same source added that the army "acts in response to the time, that is why its structure has to be functional for a certain period and purpose. If subversive agents were to return, the DOI would be activated immediately."

8908

CSO: 3001/118

NEW CRITERIA FOR PARTICIPATION IN UNION MEETING ANNOUNCED

Rio de Janeiro GAZETA MERCANTIL in Portuguese 6 Apr 82 p 6

[Article by Ariosto Teixeira: "Pro-CUT Defines New Criteria for Participation in Second CONCLAT"]

[Text] The criteria for participation by unions in the National Working Class Conference (CONCLAT) will not be the same for the second CONCLAT. In the first conference, which was organized in August last year, union organizations, regardless of the number of workers in their territorial rank and file, could register up to seven directors as delegates and elect others in assemblies, depending on the size of the category. Pursuant to the new criteria established at the end of the week in Brasilia by the National Pro-Single Workers Federation [CUT] Commission, categories of up to 2,000 workers, for example, may appoint two directors and elect only one rank and file delegate.

By reducing the delegates of the lesser categories, which consist mainly of liberal professionals (engineers, doctors and others), the Pro-Cut Commission favored the representativity of the large categories, such as those of the metal workers of the ABC [Industrial Sections of Santo Andre, Sao Bernardo do Campo and Sao Caetano do Sul] and Sao Paulo. Categories with more than 200,000 workers in the rank and file, for example, will have the right to appoint seven directors and elect 18 rank and file delegates.

Agenda

The extensive agenda discussed at Praia Grande will give way to a simplified agenda which is essentially political. Instead of debating technical questions as labor legislation was in 1981--and whose resolutions of the 1st CONCLAT the Pro-CUT believes are still valid--the agenda has been divided into three basic questions: The national question and the advance of the struggles of the working class; the union movement and the organization of the CUT at a national and state level, and the international question, in which the problem of world peace and the arms race will be debated.

Despite these definitions and the fact that the CONCLAT is scheduled for 27, 28 and 29 August, it is not yet known where it will take place. The unions of Rio and of Sao Paulo want to host it. However, neither the Cariocas nor the Paulistas can for the time being guarantee housing for the more than 6,000 delegates expected this year. It is possible that the commission will decide once more to have it at Praia Grande (where the vacation facilities of the main unions of the state of Sao Paulo are located), which despite the problems encountered at the previous CONCLAT, appears to be the only place with a reasonable infrastructure.

CUT

As with the creation of Pro-CUT, the effective organization of the CUT will be a great controversy of the union movement by August and, certainly, will be the main subject of the CONCLAT. At the meeting presided over by the president of the National Farmworkers Confederation (CONTAG), Jose Francisco da Silva, last Saturday and Sunday, the subject was mentioned several times. The majority of the members of the Commission believe the Single Workers Federation should not be created at any cost without basing it on a solid inter-union organization at a regional level, something which does not exist today.

The proposal for postponement of the construction of the CUT is backed by very convincing arguments. After the undeniable success of the 1st CONCLAT, the union movement ebbed throughout the country to the point where protest demonstrations against the Welfare Package on 12 March became a resounding failure. Thirty persons showed up at the public event in Sao Paulo, where the largest part of the Brazilian Union Movement is located, and the demonstration was cancelled.

Even so, the Pro-CUT expects a great turnout for the 2nd CONCLAT. This was also one of the reasons why the criteria for participation by unions was changed. The number of organizations registered should increase and in view of the expectations of a conference of 10,000 delegates without a place with the facilities for housing them, it was decided to redefine the rules on the makeup of delegations. Now categories with up to 2,000 workers in the rank and file will have the right to three delegates; from 2,000 to 10,000, they will have the right to appoint three directors and three rank and file delegates; up to 30,000, they will have the right to pick four directors and six delegates; up to 100,000, five directors and 10 delegates; up to 200,000, six directors and 14 delegates; and above that, seven directors and 18 delegates. The confederations and federations will continue to have the right to appoint seven directors as delegates.

8908

CSO: 3001/118

FAILURE OF METALWORKERS TO STRIKE EXPLAINED

Sao Paulo FOLHA DE SAO PAULO in Portuguese 4 Apr 82 p 38

[Article by Luiz Salgado Ribeiro: "Union Movement in Recess in the ABC"]

[Text] Up until two years ago the wage campaign of the ABC [Industrial Sections of Santo Andres, Sao Bernardo do Campo and Sao Caetano do Sul] was a great national topic. In March and April 1978, 1979 and 1980, newspaper headlines, magazine covers, and the main radio and television newscasts were always reserved for the struggle of the "peons" of the automobile industry for better wages and working conditions. Since the first breaks of the announced political opening, Brazilians of all the states stared wide-eyed at an avalanche of thousands of worker shutting down factories and, unrestrained by the dogs, clubs and teargas of the Military Police, filling the streets, avenues, squares, stadiums and churches from which issued shouts of "strike, strike, strike." These were shouts and slogans unleashed after so many years that they frightened the highest circles of government and caused an unusual agitation in them.

This year, however, the metalworkers' wage campaign passed by almost unnoticed, even in the city which came to be known as "The People's Republic of Sao Bernardo do Campo." Last Sunday, the same Vila Euclides Stadium which once held 80,000 or 100,000 workers in the campaigns of previous years, contained no more than 5,000 persons (or 8,000 in the most optimistic estimates of some union leaders) for discussions of wage proposals made by management and to hear the same criticisms of government and management. This time, however, the speeches did not end, nor were they interrupted, by the inflamed bawling for strike. The spirit of the audience was as apathetic as the "slow almost stopped" rhythm of the machines which continued to operate in the ABC factories. The FIESP [Sao Paulo Federation of Industries] proposal was not accepted but no one proposed a work stoppage.

Why?

Why did the workers not reply to management proposals with the declaration of strike? Why was the stadium empty?

"Because under present conditions the workers know that our proposal is the best they could obtain," answered businessman Roberto Della Mana, principal negotiator of FIESP Group 14.

"Because the workers have matured and know that a strike is a right which should only be used as a last resort. They also know that the strike had been used for political objectives and not for obtaining what the workers in fact desired," said Minister of Labor Murilo Macedo.

"Because there is a natural ebbing of the union movement throughout the country. It is like a boxing match, sometimes it is necessary to retreat and wait for the proper time to strike a decisive blow," declares the president of the Sao Bernardo Metalworkers Union, Jair Meneguelli.

These reasons, which make these replies evade the main question, are understandable. It is explained with all clarity by a die maker of the Volkswagen Truck Company: "The truth is that everyone is frightened to death of losing his job. We are immersed up to our neck in that obscenity of unemployment and no one wants to make waves." Despite his undeniable frankness, that reply does not, however, explain everything that is happening. After all, the fear of unemployment did not prevent a strike at Brastemp less than a month ago.

Everything Changed

Actually a comparison between the wage campaign of 1980 and 1982 showed that there was not only a change in the behavior of the workers and union leaders. That one appears to have been the minor change. The important thing is that everything changed in those two years, beginning with the economic situation of the country, the job market, strike repression tactics and even the leadership of the union.

Osvaldo Bargas, secretary of the union, recalls that the cassation of Luis Inacio da Silva, "Lula", and all his colleagues in the leadership after the last great strike, was followed by more than a year of federal intervention. "In that period the entire mobilization plan for the workers was dismantled and when the new leadership was elected, we had to begin everything anew, without the experience of the old leadership, which had been in the union for six years," he commented.

Bargas, as well as Jair Meneguelli, acknowledge that the support by Lula has been vital for the new leadership in the mobilization it has managed to accomplish in these six months after taking office. However, even with all the support and participation by the former president, the new leadership feels that it has not yet acquired the same prestige the former leadership enjoyed among the workers.

"It is different. Before, Lula was the center forward, today, he is the team coach," said Bargas for whom the "change in escalation" is important but is not the main factor in the change of behavior by the "peons."

New Formulas

Lula, Jair and Bargas believe that the most important thing now is "the search for new formulas for the working class struggle," as they say in the same words.

"The workers already know of the vicious circle to which they were led in their process of struggle: They declare a strike, it is judged illegal by the Labor Law System, comes violent repression and they lose the strike and the days lost.

It is necessary to escape from that circle," says Lula.

"The general strike is no longer effective because the government takes the side of management and the worker cannot stand being idle for 41 days as in 1980. With unemployment, the climate is different today," comments Jair.

"In 1980 we struck for 41 days, we did not obtain a good settlement and we lost the union," acknowledges Bargas, for whom "tactics have to change," although he is not in agreement with the statement that all was lost and that the failure resulted in the ebbing of the union movement: "We obtained great experience and we advanced politically. Today strikes are not undertaken for wages alone. We also strike in solidarity, which is an important advance."

From Factory to Factory

"That year there is going to be a strike from factory to factory," declares Lula, convinced that it will be one of the "new formulas for the workers struggle in Sao Bernardo." He does not believe the recession, the fear of unemployment or the change in leadership in the union are the main causes for lesser participation by the metalworkers in the main assemblies. He acknowledges that it hinders mobilization but the most important thing to him is that the worker no longer believes in the type of struggle used previously and "is no longer willing to clash with the police." The former president of the union declares that the great strikes were "a lesson the working class had to teach itself," that "there were victories in 1978 and 1979," but now it is necessary to organize the union movement in another manner.

"Today the worker knows that in a general strike they are not only confronting management. They are confronting the state, antistrike propaganda and even the 'big deals' within the movement," comments Lula, to whom factory to factory strikes demand a still better work of mobilization by employees, "but it is the solution which they may find for continuing the struggle."

8903

CSO: 3001/118

REVENUES FROM EXPORTS OF MANUFACTURED GOODS DECLINE

Rio de Janeiro GAZETA MERCANTIL in Portuguese 6 Apr 82 p 3

[Article by Suely Caldas: "Manufactured Goods Revenues Decline"]

[Text] While Brazilian exports last February produced the smallest foreign exchange revenues of the past 22 months (\$1,471,000,000), the greatest blame did not fall upon agricultural products, as the director of CACEX [Foreign Trade Department] has been saying repeatedly. Despite undergoing a trend of generalized decline in foreign prices, the latter products produced sales of \$634 million, 24.3 percent above the January figure, and only 5.3 percent below the figure for February 1981. Statistics processed by CACEX itself contradict the forecasts by Benedito Moreira on sales of manufactured products: Even while producing revenues in February of \$710 million more than those of basic products, exports of the former fell 30.8 percent with respect to last January and 17.5 percent if compared with February of 1981. The decline in semimanufactured products was even greater: Their exports totalled only \$100 million in February, with negative rates of 30.5 percent with respect to January of this year and 48 percent with respect to February of last year.

Analysis of the February results shows that manufactured goods, which in past years have been leading Brazilian sales and recording an average growth of 30 percent month by month, for the first time have shown an accentuated negative trend. Obviously the recession in developed countries and specific problems in some products led to the failure of manufactured goods sales in February after months and months of continuous successes. Therefore, if those results were to become a constant trend in coming months, not only would the exports goal be compromised but also the surplus in the balance of payments, at least the estimated \$3 billion.

Among manufactured articles, the products of the automobile industry--particularly buses, cargo vehicles and CKD (unassembled)--are prominent because of the worst performance seen in recent years. The item "transportation material" (mainly automobiles), totalled only \$76 million in February, a decline of 48 percent with respect to the previous month. Not only automobiles, but practically all manufactured products showed significant declines in sales in February, practically cancelling what they had earned in January. Such were the cases of refined sugar, boilers and machinery, processed beef, electrical machinery and appliances and textile products in general. The best performance was that of petroleum fuel oils, which had sales of \$47 million in February, compared to \$600,000 in the same

month in 1981. Surprisingly, this year iron and steel products have been recovering the sales lost last year: Revenues from those products in the first two months was \$176 million, while during the same period last year they were \$86 million. Footwear and orange juice were among the few which showed an increase.

Unlike manufactured products, semimanufactured goods have showed successive losses in revenues since last year, mainly because of low sale prices. Raw sugar, raw soybean oil, coca butter and liquor, lumber and peanut oil were those with largest declines in revenues, while cellulose and furs and hides recovered in the first two months of the year.

Basic products, with sales of \$1,144,000,000 in the two month period, recovered a little from the poor performance in January. Metal ores led the list, producing revenues of \$351 million, slightly above those of the first two months of 1981. Chilled uncooked beef also showed an excellent recovery, but sales of raw coffee in the bean, unrefined sugar, soybean meal and leaf tobacco declined by comparison with last year, while unprocessed soybeans had no sale at all so far this year. Practically all basic products, primarily the agricultural, recorded declines in prices with respect to last year. The most accentuated has been that of unrefined sugar, which went from \$618 per ton during the first two months of 1981, to \$298 per ton in the same period this year. Only the prices of lobster and oranges went up, the latter to significant levels, going from \$249 per ton to \$1,000 per ton.

8908

CSO: 3001/118

CACEX REVEALS BASIC STANDARDS FOR EXPORTS

Rio de Janeiro GAZETA MERCANTIL in Portuguese 6 Apr 82 p 17

[Text] The Foreign Trade Department (CACEX) of the Bank of Brazil revealed Communique No 9 in the DIARIO OFICIAL DA UNIO on 2 April. It contains a summary of the "essential rules for exports for a better orientation of businessmen and its objective is the regulation of Resolution No 124 dated 5/8/80 of the National Foreign Trade Council (CONCEX)."

The communique takes up 35 pages of the DIARIO OFICIAL and is divided into eight chapters: Administrative System, Fiscal Incentives to Exports, Incentives to Production for Export, Financing of Exports, Information and Trade Promotion, International Transportation, Latin American Integration Association (ALADI), the General System of Preferences, and Certificates of Origin.

The communique also has nine annexes: Cases and Merchandise Subject to Prior Issuance of Export Permit by CACEX; Products on the List of Brazilian Exports under Brazilian Nomenclature Headings with Indications of Their Corresponding Administrative Treatment; Merchandise Whose Export Depends on Authorization by the Ministries of the Air, Army and Navy; Chart Showing Composition of Price From the Factory; CACEX Representations in Units of the Federation; Filling out the Export Permit and its Addition and Annex; Filling out the Export Declaration and its Annex and Addition; Codes Used in Filling out Export Permits and Export Declarations; and Agreements on Maritime Transports with a Division on Cargo by Air Traffic.

Objectives

According to the introduction of the communique, its objective is to bring to the attention of businessmen some basic information and guidance "so that they may devote themselves to exporting." Despite the length of the document "describing all alternatives and possibilities, in practice the process of exporting which in the past was very bureaucratic, today is reasonably simple," says the CACEX document.

The introduction also declares that the general standards which regulate exports in Brazil are based on the principle of maximum freedom for their use. Direct supervision by CACEX is exercised only on some "critical" products, it says. In that respect, the communique explains that pursuant to Resolution No 124 of CONCEX, it is up to CACEX to list the products whose exporting is subject to restrictions "as well as the conditions of special controls to which the sales of these products abroad are conditioned."

Revoked Communiques

In the final provisions, the CACEX communique states that it goes into effect the day of its official publication on 2 April and that it revokes the following communiques: 79/6 dated 1979; 79/21 dated 1979; 79/27 dated 1979, 7928 dated 1979] 79/43 dated 1979; 80/10 dated 1980; 80/13 dated 1980; 80/23 dated 1980; 81/02 dated 1981; 81/26 dated 1981 and 81/33 dated 1981.

The 201-article communique concludes by stating that greater explanations on certificates of origin and General Preference System (SGP) may be obtained at the agencies of the CACEX Group (listed in Annex F, Item I of the communique), or at the CACEX main office at Avenida Rio Branco, No 65, 9th Floor, Room 903, Rio de Janeiro, RJ, telephone 233-6536 or 271-7272, extension 669.

8908

CSO: 3001/118

BRIEFS

ANTARCTIC EXPEDITION--Brasilia--Brazilian research projects in the Antarctic could be prejudiced by a possible political-military instability in the South Atlantic, according to government authorities who analyzed the dispute between Argentina and Great Britain over the Malvinas [Falkland] Islands yesterday. This abnormality in the South Atlantic could cause difficulties for Antarctic research projects and delay the expedition Brazil intends to send to that continent. In the Ministry of the Navy, despite the fact there is no great optimism with respect to the Malvinas Islands crisis, there is a desire that the question be settled, without a military clash between the two parties, on the basis of International law. In the Navy the question of the Malvinas Islands has been discreetly analyzed with prudence and care in order to avoid problems with the two countries with which a constant cooperation has been developed: England, where four Brazilian frigates were built, and Argentina, with which the Navy intends to execute naval operation "Fraterno" this year. [Text] [Rio de Janeiro O GLOBO in Portuguese 7 Apr 82 p 17] 8908

CSO: 3001/118

AUTHORITIES DEAL HARSH BLOW TO M-19

Assassin of Bitterman Arrested

Bogota EL TIEMPO in Spanish 9 Mar 82 pp 1-A, 15-A

[Article by Cesar Vallejo Restrepo]

[Text] The assassin of U.S. linguist Chester Allen Bitterman and 16 other guerrillas of the M-19 command staff in Bogota have been captured by the Military Institute Brigade (BIM) intelligence service, in one of the harshest blows to the subversive organization.

In exclusive statements to EL TIEMPO, BIM Commander Gen Hernando Diaz Sanmiguel said the captured personnel confessed their participation in various kidnappings, extortions, terrorist attacks, robberies and assaults.

He also disclosed that their mission was to sabotage next Sunday's congressional elections. He said the M-19 had been practically broken in Bogota and Cundinamarca by the successful blow dealt by his men.

General Diaz Sanmiguel said the guerrilla who had murdered Bitterman in cold blood is a very dangerous man, identifying him as Hugo Oswaldo Chavez Urrutia, alias Martin, the third most important person in the so-called M-19 Rank-and-File National Coordinating Group, after Heber Bustamante and Ivon Consuelo Izquierdo, alias Julia.

He said their capture came after an intensive hunt throughout the country. He also blamed the group for the kidnapping and slaying of the young Hernando Carmona Velilla who was kidnapped in Bogota on 13 May 1981. His family paid a ransom of 20 million pesos.

However, according to a statement by Chavez Urrutia himself, young Carmona Velilla was slain by his captors when differences arose on sharing the money with a group of the National Liberation Army (ELN).

The ELN also participated in Carmona's kidnapping which, the top official said, shows that in certain cases the M-19 operates with other rebel groups.



Hugo Owaldo Chaves
Urrutia (A. Martín)



Oscar José Núñez
(A. Alejandro)



Jorge Enrique
Rodríguez Álvarez



Luis Mario Duque
Rodríguez



Gustavo Restrepo
González



Carlos Arturo
Salamanca Villegas



Jaime Rada Duarte



Carlos Alberto
Jaramillo Restrepo



Luis Augusto
Medina Roa



Félix David Rodríguez
Moreno (A. John o Daniel)



Pedro José Rodríguez
Moreno (A. Jacobo)



Luz Marina Velandia
Moreno (A. Sandra)



Marta Lucía Sánchez
Segura (A. Sonia)



Luz Amparo Jiménez
Pérez (A. Luisa)



Alba Consuelo Ramos
(A. Pilar o Chava o Heroína)



Gloria Isabel Barreto
de Ocampo



Carlos Mario Acevedo
Martínez (A. Camilo)

Others

Other guerrillas involved in Carmona's kidnapping who were captured and placed under the jurisdiction of the 144th Military Trial Court were: Felix David Rodriguez Moreno, alias John or Daniel; Pedro Rodriguez Moreno of Leon Javier, alias Jacobo; Gloria Serrato de Ocampo, Luis Mario Duque Guerrero, Gustavo Restrepo Gonzalez, Carlos Arturo Salamanca, Carlos Alberto Jaramillo Restrepo, Jaime Rada Duarte, Luis Augusto Medina Roa and Jorge Enrique Alvarez Rodriguez.

The BIM commander said Oswaldo Chavex Urrutia, alias Martin, had confessed fully to his participation in the assassination of linguist Bitterman on 7 March 1981 as a member of the "Manuela Beltran" column of the M-19 Rank-and-File Coordinating Group.

The U.S. scientist had been kidnapped on 19 January of the same year in the presence of his wife and two young daughters as he slept in a room of the Summer Institute of Linguistics (ILV) headquarters north of Bogota.

The subversives demanded that the ILV leave Colombia and decided to shoot Bitterman to death when they failed in that objective. His body was found in a public service bus on one side of the Primero de Mayo Avenue overpass on 68th Avenue.

Chavez Urrutia also confessed his participation in the kidnapping of congressman Simon Bossa Lopez and another House representative when they were sponsoring the bill of amnesty to rebels, proposed to congress by the government.

Leaders in Bogota

Meanwhile, the BIM commander reported the capture of six M-19 leaders in Bogota, among them a woman who recently had commanded the "coffee regional" in the departments of Viejo Caldas. He identified them as Oscar Jose Nunez, alias Alejandro; Luz Marina Velandia Morena, alias Sandra; Alba Consuelo Ramos, alias Chava; Martha Lucia Sanchez Segura, alias Sonia; Carlos Mario Acevedo Martinez, alias Camilo; and Luz Amparo Jimenez Perez, alias Luisa and former chief of the "coffee regional."

General Diaz Sanmiguel said these also had been involved in the plan to sabotage the upcoming general elections.

He said the antiguerrilla operations in Bogota and Cundinamarca were conducted in the face of the constant threats of subversive groups to create chaos on the eve of the elections and of the outbreak of terrorist actions, particularly in the capital.

He recalled that kidnappings in this country, particularly in Bogota, terrorist attacks, extortions and holdups of banking firms, as well as guerrilla proselytism which included constant intimidating propaganda, had been on the rise in recent days.

He said the M-19 leaders arrested in Bogota were responsible for numerous actions, including the following: assault on the police station of Olaya Herrera

district on 19 July 1981; raid on the National Health Institute on 2 December 1981; dynamite attacks near the government housing for National Navy officers, formerly the Ayacucho Military Police company headquarters, on 18 February 1982; the attempt to explode bombs in military districts 3 and 51; and various kidnappings and extortions.

Asked if an investigation would be conducted on the kidnapping of EL ESPECTADOR journalist Maria Jimena Duzan, the official replied: "I can report that the lady journalist voluntarily came to BIM headquarters last Friday at 1000 hours to talk with me. I received her and I made the following statement to her: "If you state or believe that your freedom of movement had been restricted at any time and forced to go somewhere against your will by members of the M-19, I request that you file with the BIM kidnapping charges for the judge having the jurisdiction. On the other hand, if at no time your freedom has been restricted, you are totally free not to file charges with the authorities." She stated that she would not file charges. Therefore, I thanked her for her visit and she left the BIM."

Who Are They?

The M-19 guerrillas captured by the BIM practiced the most diverse professions. For example, Carlos Alberto Jaramillo Restrepo is an assistant director of television; Jaime Rada Duarte was secretary of the economics school of Gran Colombia University; Hugo Oswaldo Chavez Urrutia was a National University employee; Gloria Isabel Serrato de Ocampo was a Colombian Family Welfare Institute assistant; Jorge Enrique Rodriguez, Carlos Arturo Salamanca and Gustavo Restrepo were bank employees.

Felix David Rodriguez Moreno and Luis Mario Duque Guerrero were businessmen; Carlos Mario Acevedo was an office employee; Oscar Jose Nunez and Alba Consuelo Ramos Moreno were teachers; and Pedro Jose Rodriguez Moreno, Luis Augusto Medina Roa, Luz Marina Velandia Moreno and Martha Lucia Sanchez were university and high school students.

Lastly, the BIM commander said there are reports that Herber [as published] Bustamante had left the country and is in a Central American nation, possibly Cuba or Nicaragua.

Nine Cauca Guerrillas Killed

Bogota EL TIEMPO in Spanish 9 Mar 82 p 15-A

[Article by German Acero E.]

[Text] Another blow was dealt yesterday against the M-19 operating in Cauca when nine more guerrillas were killed.

A Defense Ministry source confirmed to EL TIEMPO in Bogota that a total of 25 M-19 guerrillas have been killed over the past 48 hours.

"They are breaking up as a result of the military seige," said the military spokesman, who added that five women were among the insurgents killed.

Special antiguerrilla troops have been sent over the past few hours from various military bases to intensify operations against the M-19 in Cauca.

The military source likewise confirmed that new fighting occurred this past Monday on a region near Monte Oscuro, where 11 M-19 members were killed Sunday.

He also disclosed that powerful weapons and field equipment were seized. Military operations currently are being conducted on the air and ground.

Perhaps the biggest blow was achieved Tuesday morning when the M-19 southern front's deputy commander, known under the alias of "Oscar," was killed during a bloody fight between a guerrilla column and 3d Brigade troops.

"The military operations will be intensified in the next few hours," said the Defense Ministry spokesman.

"They are totally disorganized and are running in all directions," said the military source.

Military operations in Cauca began in the wake of the takeover of the town of Almaguer last Thursday, when M-19 guerrillas assaulted the Caja Agraria and set fire to the offices after robbing the safe.

A noncommissioned officer and two guerrillas were killed in a clash today east of Antioquia between the army and a column of the fourth front of the Revolutionary Armed Forces of Colombia (FARC).

A noncommissioned officer, 2d Cpl Marcos Marrugo, was killed in an ambush staged by insurgents on troops who were patrolling in "El Jordan," jurisdiction of San Rafael municipality.

According to Gustavo Ramirez, EL TIEMPO's correspondent in Medellin, Marrugo was a member of the Girardot Battalion deployed in that area.

During the counterattack, the soldiers killed two rebels who have not been identified.

The army found on the two men two 30-caliber rifles, a 30-caliber carbine, a 38-caliber long-barrel revolver and field equipment.

The FARC guerrilla group had been seen in the area 2 days earlier handing out subversive propaganda to peasants in order to obstruct Sunday's elections.

In Cauca

Cauca's secretary of government, Maclovio Ocoro Hernandez, said, for his part, that new clashes between 3d Brigade troops and an M-19 column had taken place over the past 12 hours.

Ocoro Hernandez also ruled out that the guerrillas who last week assaulted the town of Almaguer had kidnapped a Cauca official, as had been reported by other press media.

According to Ocoro, the military troops intensified their actions in this area because several M-19 groups had been detected fleeing from the army seige.

These operations also are being conducted to pacify a vast Cauca region taken by guerrillas on the eve of Sunday's elections.

More Casualties

The spokesman disclosed that ELN member Rodrigo Llanos Llanos was killed in a clash with the army in the area of Cimitarra, Santander Department. The subversives Real Riano, Jose Llano Cordoba and Isabel Diaz Cifuentes were captured.

In San Jose del Guaviare, the guerrilla killed in a clash with the army this past Sunday has been identified as Dorys Gonzalex Martinez.

This woman, known under the alias of "Mariela," was the lover of "Abelardo," one of the top leaders of the FARC's first front.

The secretary of government of Cauca admitted in statements to EL TIEMPO's correspondent in Popayan that military troops have surrounded a large number of M-19 guerrillas.

It has been learned from other sources that apparently this subversive organization was organizing itself into different fronts in Cauca to conduct a number of attacks aimed at obstructing next Sunday's electoral process.

9925

CSO: 3010/1276

UJC FIGURES GIVEN FOR YOUTH PARTICIPATION

Havana JUVENTUD REBELDE in Spanish 28 Mar 82 p 8

[Text] During the 5 years since the Third UJC [Union of Young Communists] Congress, participation by young people in the socioeconomic, political and cultural development of the country has increased, reaching notable levels of quality and effectiveness. The summary that follows offers an overview of this activity.

The FEU [Federation of University Students] has 74,496 members. Over 385,000 young people are studying at intermediate schools; 75,000 are being trained as mid-level technicians; 386,535 belong to the FEEM [Federation of intermediate level students]; 2,065,081 children and adolescents belong to the OPJM [Organization of Jose Marti Pioneers]; and over 90,000 small children are in day-care centers.

There are nearly 25,000 hobby clubs comprising 445,000 Pioneers; and over 75,000 Guides have received incentive awards for their work. Almost 200,000 Pioneers are being trained at the more than 400 ESBECS [basic secondary farm schools] in operation.

There are over 1 million Pioneers associated with the amateur clubs, and a similar number are on athletic teams.

Twenty-one camps, 13 Explorers' centers and 32 clubs and palaces are available for use.

There have been 82,000 acceptances to the Manuel Ascunce University Teaching Detachment (over 18,000 graduated and 8,700 certified).

There were 13,798 prepared to join the Carlos J. Finlay medical sciences detachment; of these, 3,800 belong to that unit.

The student helpers' movement has 6,592 members; an additional 131,200 are monitors.

The FEEM has 8,993 amateur clubs and the FEU, 814.

Some 780,000 young workers, nearly one-third of the active labor force, are participating in the construction of our society's technical and material base (31 percent are UJC members).

One hundred forty-three young cane cutters are heroes of the harvest; 165 wear the Jesus Menendez medal; 60 are young national vanguards; 44,000 work in the sugar sector, over 26,000 in young people's units; 1,845 plowmen have the 20th Anniversary of Giron certificate; there are 251 platoons of young people's groups.

Some 90,000 hectares of citrus orchard are tended by young people; and over 1 million tons of fruit were gathered during this 5-year period by students.

Nine hundred thirty EJT [Youth Labor Army] platoons gathered 1 million arrobas of cane and 216 surpassed that figure. Another 61,931 combatants worked on construction projects.

Some 10,000 young people were mobilized for 29 crash projects (2,891 obtained their UJC membership there, and 734 of them moved on to the Party); over 700 learned a trade.

The product of more than 4,500 Fourth Congress economic initiatives, which movement began in 1981, was 64,867,000 pesos.

Some 67,847 young people hold positions as union leaders; and 11,000 young people are working and demonstrating their fitness at enterprises in socialist countries.

Nine hundred twenty-nine agricultural youth brigades were created.

In operation are 7,104 BTJ's [Youth Technical Brigades], which have over 7,700 important jobs; there are 48,305 outstanding brigade members. Over 300 brigades are standard-bearers of the scientific/technical revolution; and 2,859 young people are Forgers of the Future.

The Saiz Brothers Brigade has 2,262 members; and the Raul Gomez Garcia Brigade, over 2,300 art teachers and instructors. The New Verse Movement has 1,516 members.

The Pioneer, school, youth and university games produced 1,283 athletes capable of competing for the country.

There are 6,600 youth clubs and 12 permanent camping areas (Another 15 will be placed in service soon to achieve the planned total of 20,000 places).

During the past 5 years, 327,284 young people joined the UJC.

Some 7,046 young people earned badges and medals for meritorious service; and 75 groups and local organizations received the UJC Flag of Honor.

Some 50 percent of UJC leaders are Party members; and 5,253 have graduated from the Julio A. Mella National School [for Cadres].

0085

CSO: 3010,1360

GOVERNMENT CRACKDOWN ON FREE MARKET TRADERS

Havana GRANMA in Spanish 1 Apr 82 p 3

[Article by Lazaro Barredo Medina]

[Text] Those who practice or favor the worship of wealth should surely be denied society's respect and be viewed as sly enemies of the country, as filth and as Iagos -- Jose Marti ["Collected Works," 1946 edition, page 1,884]

Profound and visionary, as always, Jose Marti's exhortation is clear and concise in defining today's antisocial species, which with different trappings finds shelter in unfamiliar forms.

It is disgusting to consider how, while an entire people honorably devotes every effort to production and defense in order to contend with the complex situation caused by the active threat of the fascist Reagan administration and the economic problems generated by the capitalist crisis, there can be characters capable of living behind the backs of those engaged in that endeavor, taking advantage of any opportunity to enrich themselves.

We saw this with the Bandit of Rio Frio, then with the "colero," and now we have just seen it to a greater extent with the "famous craftsman" of the Plaza de la Catedral in Havana.

This major cultural asset of our capital furnished opportunities for true artists and craftsmen--provided with licenses--to exhibit their work and even to sell it. For that purpose, the well-known "Plaza Saturdays" were instituted.

But all at once the true craftsmen found themselves displaced; and the Cathedral and the Plaza de Armas started to be frequented by a number of individuals with increasing amounts of goods, articles having no cultural content. This resulted in serious distortions, criminal activity, and enormous profits for the vendors, who, it seemed, were "emulating" in their felonious activity by the repeated raising of prices.

Then a great proliferation of footwear, textiles, leather goods and other items began. They made one wonder where all those raw materials were coming from if some state enterprises were having problems with supply.

It also was perplexing to a bunch of doctors, engineers, technicians, artists and other professionals, educated by the Revolution, turned into self-employed vendors to the detriment of the social responsibility for which the country, through great effort, had trained them.

Of course, such a mess is the result of the somewhat romantic spirit or ideal of spontaneity with which this was organized. Also responsible is the lack of control over licenses for production and sale of these articles, which facilitated the illegal activity, the scorning of tax payments, and the ignoring of the evidence of widespread shady dealings with certain state resources.

The Revolution was not going to tolerate this activity, and it took steps against it.

"Operation Paving Stone"

After patient investigation, checking and enhancement of information obtained earlier, National Revolutionary Police agents, with the cooperation of the mass organizations, conducted a joint operation concerning these criminal elements and undertook a more extensive investigation regarding private production and the origin of the raw materials.

The entire operation was carried out with strict observance of the civil liberties established in the national Constitution.

The symbolic term "paving stone," a cut stone used in pavement (They cover the Cathedral esplanade), served as a name for this operation; such stones were used in the past by revolutionaries in confronting the dictatorships' criminal repressive organs.

Searches of living quarters made it possible to immediately uncover the illegal activity in which most of these individuals were engaged.

Here are some examples illustrating these people's boundless greed.

At the home of a retired man they found a small factory devoted to the fabrication of textile goods, along with large amounts of raw materials imported by the state. This man was exploiting the labor of other citizens at enormous profit.

A technician, who receives a salary of 253 pesos, was engaged in the fabrication of chains and other craft items. The authorities confiscated two Fiat automobiles from him that had been purchased illegally, for these cars are sold to outstanding technicians, workers and cadres at low prices, and, according to the terms of the contract, they can be resold only to the state itself, subject to taxes. Moreover, this person had a bank account containing 101,459 pesos!

A woman engaged in this activity had a bank account containing 35,000 pesos; and she was found to have 46 bolts of cloth, three fans and a color television set, among other things.

A health worker in a polyclinic had accumulated the sum of 35,000 pesos with his "craftwork," and he had a check for 2,565 pesos waiting to be cashed.

Another instance among many is that of a stamper from whom 22 rolls of vinyl and a 19,000-peso bank account were confiscated.

It must be stressed that numerous people were found to have quit their jobs to devote all their time to this activity; and they had raw materials, tools and equipment obviously stolen from state enterprises.

Also found were documents from officials of enterprises, bearing no information making them official, authorizing or requesting the sale of products to many of these individuals in violation of existing state regulations.

A Demonstration That More Can Be Done

Some unwary people may be swayed by the view that to an extent the articles produced by these people are in short supply in the national market and are much in demand. It is a "solution" to a lack of consumer goods.

Such an idea is nonsense. To agree with that opinion is to apply a veneer of legality to crime and to accept the encouragement of serious ideological deviations.

Any activity outside our state laws is intolerable. As Fidel has said, it is a matter of principle for revolutionaries to be bulwarks of socialist legality.

If those concessions are the price of continued activity at the Plaza de la Cathedral, then the "Plaza Saturdays" will have to end.

Finally, some of those vendors have requested permission to leave the country, renouncing the creative work done by their people and others. Like parasites in our society, they do not want jobs.

At the same time, "Operation Paving Stone" has demonstrated that in taking that path we only exacerbate these displays of distortion in the younger generation. It is unfortunate that those involved included several young people under the age of 25 who went there dazzled by the wealth obtainable through shady dealings.

This is seen in several dozen record players, color television sets, a video tape machine, amplifiers, home appliances, vehicles and other items purchased with the money finagled from the public.

Still more objectionable is the lack of control and failure to demand adherence to regulations on the part of officials responsible for supervision of these places and of those at the state enterprises from which the raw materials were stolen. It has been demonstrated: Wherever there is an administrative lapse, there is an opportunity for these individuals to flourish.

Independently of the issues dealt with above, it is also true that the "Plaza Saturdays" show that our state enterprises can achieve much more for production of consumer goods if they efficiently take advantage of small-scale manufacturing.

It is true that during the past 5 years Cuban industrial production has improved markedly, but it has yet to attain the level that can actually be reached. This would be the true socialist means of expanding production: with goods produced on a small scale that can meet certain needs not covered by large-scale manufacturing.

Our enterprises should be capable of achieving that if they are provided with the conditions and the opportunity.

Also, the discovery of people with such wealth calls for awareness of the need to heighten revolutionary vigilance on the neighborhood block, in the factory, in the service center, and in the school.

The distorting roots of capitalism survive among us. They make it possible for those alienated people to take advantage of our faults and weaknesses. It is everyone's duty to rip them out.

In order to get rid of dead weight, we always need the paving stone at hand.

9085

CSO: 3010/1360

RESIGNATION OF FINANCE MINISTER ANALYZED

Ibarra Term Reviewed

Mexico City PROCESO in Spanish 22 Mar 82 pp 6-10

[Article by Carlos Ramirez]

[Text] President Jose Lopez Portillo has accepted the resignation of his secretary of finance, David Ibarra Munoz, removed Gustavo Romero Kolbeck from office, and moved ahead with the government transition, laying the foundations so that long-term economic policy measures may be adopted with the participation of members of the next administration. He took this action disregarding political sensitivities, with no elections or president-elect, in the midst of an economic policy vacuum, faced with the obvious inability of the state and government to control the economy, and with the country bogged down in a real economic emergency, accompanied by a significant slowdown in the rate of growth.

Some 20 days after the withdrawal of the Bank of Mexico from the exchange market, Ibarra Munoz was the living image of Mexico's sagging economy. In 1978 he told the bankers: "We must start to prepare now for the prosperity that awaits us." Toward the end of February 1982, economic policy was being handled publicly by Francisco Galindo Ochoa and not by the secretary of finance. The decline of the peso, the postdevaluation measures--subsidies, absorption of private sector losses by the treasury--and the resignations all came in a context of confusion and uncertainty, with no one bothering--in this government based on open access to information--to explain to the nation what was going on.

The good times of the nation and of Ibarra Munoz were over. Intolerant of criticism and supportive of the private sector, Ibarra Munoz's economic policy had only a short honeymoon. Ibarra Munoz came into the government with well deserved credentials as a technician trained in the school of the ECLA [Economic Commission for Latin America]. A perceptive economist, the man who is now the former secretary of finance was also a

hard-working bureaucrat; he steered the ship, like an efficient helmsman, where he was told, ignoring cries for attention from various social and political groups. While his theoretical background was in the structuralist school, his administration of the department of finance was plagued by monetarist measures and policies supporting injustice and imbalances.

The years of Ibarra Munoz--1978 to 1982, central years in the term of President Lopez Portillo--were times of a particular economic strategy: growth at all cost, but based on petroleum and not on the wealth of the few who got rich in the oil boom, even at the price of inflation and of reduced standards of living for the majority of the nation. These were also years of postponements: submerged in the oil euphoria, there were plans to achieve a surplus in the current account of the balance of payments--the key to the 1982 devaluation--at the very time when demands for social justice, such as a tax reform to redistribute wealth, a monetary reform to obtain sound financing sources, an anti-inflation policy to avoid harmful social consequences, and reforms of the subsidies given the private sector in order to avoid augmenting privately held wealth, were going unheeded.

"This is 'neo-developmentism,' neo-Alemania," Deputy Arturo Salcido Beltran told Ibarra Munoz in 1980, but Ibarra Munoz did not recognize his policy in this description. Ever since his appearance before the first Chamber of Deputies of the political reform in March 1979, the then secretary of finance had disregarded criticisms and questions about the quality of the economic recovery, terming them ideological attacks and not matters of national concern. He believed in economics as a pure science, and in his view, the nation's development was independent of prior commitments or ideological views. It was neo-developmentism that brought the nation to a formidable period of economic growth, which did not redistribute wealth, but instead helped to concentrate income even more sharply. In the chamber, confronted with a secretary of state who was hostile to criticism, there was a revival of the concept of two separate Mexicos: one wealthy, based on oil, living side by side with a Mexico of poverty and misery.

Ibarra Munoz's years in office were each marked with special features:

1978: promotion of the multiple banking system, oligopolies, and incentives for production in the private sector; salary limitations.

- 1979: tax adjustments which he attempted to sell under the guise of tax reform; capital would remain untouchable.
- 1980: Value Added Tax, a tax burden placed on consumption, inflationary and unjust by its very nature.
- 1981: inflationary upsurge which affected the income and standards of living of the vast majority of the people.
- 1982: monetary devaluation as a consequence of the failure of this economic policy.

Ibarra Munoz had a sort of dual personality when he was called upon to justify the president's economic policy. When speaking to the captains of industry and bankers in the private sector, as he did at the four bankers' conventions which he attended from 1978 to 1981, his language was open, measured, conciliatory, and optimistic. In his speeches, the secretary of finance emphasized the strategy of the Alliance for Production, which was rooted in a social pact which--Ibarra Munoz himself had to admit--called for sacrifices and lowered expectations from the workers, so that businessmen would find their profits attractive enough to encourage investment.

But when dealing with critics in the Chamber of Deputies, Ibarra Munoz used an acid, harsh, irritating, and not very patient language. Questions were ignored simply because they came from the left or from independent critical groups. With his unerring skill in handling figures, even though his focus was not very convincing, the former secretary defended the president's policy, even resorting to the use of anger, sarcasm, and other forms of intolerant expression. When faced with questions and doubts, he managed to conceal information, distort data, and cover up the true situation in order not to admit that some of his critics might have some small degree of right on their side. These critics were legislators of the opposition and some PRI [Institutional Revolutionary Party] members who wanted to know why the economic policy was achieving high rates of growth, but at the cost of sacrifice on the part of salaried workers, of national imbalances, of Mexico's finances--foreign debt and tax deficits--while the businessmen were growing richer.

At the 1981 bankers' convention, when speculative pressures were being felt on the peso, Ibarra Munoz ran into his first problems. He said that "the banks are a public service which

as such must be committed to our nation's best interests." Some months later, though, the secretary of finance did not know who had taken about \$5 billion out of the country, thus causing a flight of the peso. The investigation of this capital drain was entrusted to Gustavo Carvajal Moreno, the secretary of agrarian reform, and it was learned that the bankers had been guilty of this act.

In fact, Lopez Portillo's economic policy, as handled by Ibarra Munoz, was not sound. Matters such as inflation, the treasury, state credit and financing, subsidies, and relations with the private sector were handled tolerantly and sympathetically. For the purposes of growth, the treasury policy hurt consumption and labor, but not capital. Inflation levelled off at about 25 percent; domestic credit became more expensive, the foreign debt became "Brazilified," the government's deficit got out of control, subsidies to businessmen were multiplied, and the private sector was pampered to encourage it to invest.

And actually growth did continue until reaching a 9 percent rate in 1979. But the problem with this was that the economic policy could not distribute this wealth in an equitable manner. While the Overall Development Plan called for the wealth created to be distributed through the multiple wage-price-profits mechanism, the figures and earnings reported show that nothing of the sort happened. Using SPP [Secretariat of Programming and the Budget] figures, the average profits were between 80 and 200 percent a year, while salaries increased by an average of 22 percent a year. The treasury did not cut taxes for low incomes, but adjusted taxes to these inflationary rates. In essence, then, the cost of growth was reflected in a decline in real salaries of approximately 30 percent over a 5-year period.

All this did not happen in just 1 year, but over a 3-year period. The appearances of the secretary of finance in the chamber of deputies in the end came to be a cat and mouse game. Two different languages were used; one looking for explanations and the other seeking justifications. In November 1980 Ibarra Munoz's definitions led him to say that balanced development is essentially a "romantic notion." His exchanges with the parliamentary opposition grew so acerbic that by 1981 he no longer answered questions, but said what he wanted to say and not what he was asked.

While this fiscal policy could not overcome its unjust nature--it favored the concentration of wealth in the hands of a few, impeded national consumption, and did not touch the wealth that grew with the oil boom--the financial policy was in no better condition. By the end of 1981, Mexico's foreign debt

amounted to \$60 billion; last year Mexico paid \$12 billion in interest and debt service charges, and in 1982 it will need over \$18 billion to finance its development costs. The federal budget for 1972 [sic] reveals the limitations of this policy: a third of the budget will be financed from loans, while the treasury will contribute barely another third.

Last week the LATIN-REUTERS agency reported that Mexico will need about \$30 billion in 1982 in order to pay its interest charges and finance its government debt. The English bankers believe that interest rates will be high. A conservative calculation made by the agency estimates that the interest payment on the debt this year will amount to 80 percent of the value of Mexico's oil exports. This is the amount due--the price Mexico has to pay--for the mistaken financing policy used in its public sector.

The deterioration in the situation was visible by the end of 1977. But while conflicts, imbalances, and inequities grew worse, the official language used was increasingly optimistic.

1979: At the first signs of a crisis in the midst of Mexico's prosperity, or wealth in the hands of a few, Ibarra Munoz told Carlos Sanchez Cardenas: "In spite of everything, the country is making progress, even though at times the word may sound startling. But the evidence is all around us."

1980: Faced with fears and criticisms by all the parties that economic growth in the 6-year period was expanding and favoring the private commercial, industrial, and financial interests, the then secretary of finance spoke of idle fancies and said that large businesses were the key components of Lopez Portillo's economic model.

1981: Now confronted with the crisis, which could no longer be hidden away--debt, inflation, deficit in the balance of payments, slippage of the peso, concentration of wealth in the same few hands it had always been in, plus serious structural imbalances which foreshadowed the devaluation of the peso that came about 3 months later--Ibarra Munoz said that the Mexican economy was "intrinsically sound" and had "excellent mid- and long-term prospects."

His appearance in 1981 was the last straw. When confronted with the rebellion led by the communist opposition and the criticism that he had refused to allow them to have a copy of his remarks in advance, Ibarra Munoz was just as arrogant.

Forgetting that as a secretary of state it was his duty to inform the deputies of government policy, he said that he had not received an advance copy of Gerardo Unzueta's question and comments, and therefore he would not respond.

Despite appeals for attention, the economic bill moved forward and went as far as it could go: it did not last after 17 February 1982. After that date, the crisis became apparent with some of its partial features: it enriched speculators and impoverished the vast majority of the Mexican people. The devaluation emphasized the fragility of Lopez Portillo's economic policy, as conducted by Ibarra Munoz. This was the crisis that had been foretold by the unions, parties, opposition, critics, and commentators.

In November 1981 the CT [Labor Congress] presented an economic counter-report to the nation about the state of the Ibarra Munoz economy: decline in real wages, in the workers' standard of living, and in the purchasing power of money; concentration of wealth; rural exodus; rampant inflation, and a decline in the relative proportion of wages in product, in favor of capital; a 45 percent rate of unemployment and underemployment; inadequate housing and transportation; and an inflationary and expensive supply of basic consumer products. At the time of Ibarra Munoz's appearance, the CT gave its views of the state of the nation. Ibarra Munoz said to Gerardo Unzueta, who cited opinions, views, and conclusions similar to those of the CT:

"I don't see how you can say that the employment situation is deteriorating, along with income distribution. Never before have we had such growth in employment. Never before have society's outsiders been brought into the mainstream of modern life at such an intense rate. We must be seeing different data or talking about different countries."

But in the end, it was the same country. What changed was the vision of the country and of the reality of its problems. This became clear with the devaluation of the peso. All the problems that had been repeatedly pointed out over the preceding years exploded at the same time, while the regime's pets, the businessmen, contributed to the crisis and helped destroy the Mexican currency by speculation. The withdrawal of the Bank of Mexico from the exchange market was one of the moves recommended by the International Monetary Fund. According to some reports from government officials and economists, Ibarra Munoz had suggested devaluating the currency by 30 percent in January. The devaluation came in February, and the peso lost over 60 percent of its value.

In the end, there were three devaluations: the devaluation of the peso, the devaluation of the president, which he admitted himself, and the devaluation of Ibarra Munoz. The problem now being debated by specialists and by various political and social groups is the need to redefine a new economic policy since, as Jaime Alejo, a researcher and economist, says: the devaluation was essential, but unfortunately, not much could be achieved from the devaluation, if the economic policy remained the same. The tragedy of the peso was the tragedy of the economic policy and of Ibarra Munoz. The resignation of the secretary of finance came in the midst of an economic policy vacuum, the day after the president of the republic appealed for business solidarity, not for himself, but for the nation.

Changes in the Economic Cabinet

Finance

1. Julio Rodolfo Moctezuma: December 1976 to November 1977;
2. David Ibarra Munoz: November 1977 to March 1982;
3. Jesus Silva Herzog.

Programming and Budget

1. Carlos Tello Macias: December 1976 to November 1977;
2. Ricardo Garcia Sainz: November 1977 to May 1979;
3. Miguel de la Madrid: May 1979 to September 1981;
4. Ramon Aguirre.

Patrimony and Industrial Development

Jose Andres de Oteyza: the sole survivor.

Commerce

1. Fernando Solana: December 1976 to December 1977;
2. Jorge de la Vega Dominguez.

Labor

1. Pedro Ojeda Paullada: December 1976 to October 1981;
2. Javier Garcia Paniagua: 14 October to 29 December 1981;
3. Sergio Garcia Ramirez.

Bank of Mexico

1. Gustavo Romero Kolbeck: December 1976 to March 1982;
2. Miquel Mancera.

Interpretation by Margain

Mexico City PROCESO in Spanish 22 Mar 82 pp 8-9

[Article by Carlos Ramirez]

[Text] The transition has moved ahead. After the weakening of the secretary of finance brought about by the devaluation and the need to adopt long-term measures, the presence of Jesus Silva Herzog as the person now responsible for economic policy carries a message: it is an attempt to renew the effort to create a new national economic focus that may carry over into the next administration.

Several persons expressing their views on this matter have some experience in similar cases. One of them was affected by the devaluation in 1954--he asked to be replaced 3 months later, but President Adolfo Ruiz Cortines was unwilling to accept his resignation. Another had to take over the reins of the nation's economy, acting as a bridge spanning the change in administration in 1970. On the subject of last week's events, the replacement of David Ibarra Munoz by Jesus Silva Herzog, the first man spoke in hypothetical terms, and the second recalled his own experience.

Hugo B. Margain, the secretary of finance at the end of the administration of Gustavo Diaz Ordaz and during 2 years of the 6-year term of Luis Echeverria, told PROCESO that changes in secretaries of finance should not be cause for concern. Pointing out that in other countries such changes may carry huge connotations in terms of economic adjustments, the today PRI candidate for senator said that Ibarra Munoz was not to blame for the devaluation, nor does his resignation mean that he should be considered a scapegoat.

Question: Can the resignation be explained as a way of moving ahead with the transition, in order to adopt long-term policy measures?

Answer: Yes. This situation reminds me of what happened in my case. In the final months of the administration of President Diaz Ordaz I became secretary of finance and then continued in Mr Echeverria's administration. President Diaz Ordaz felt that the fact that during his first year in office he had to work with a budget he did not prepare was rather hard for him.

President Diaz Ordaz told the president-elect, Echeverria, that the 1971 budget should be drawn up by people in the following administration. That is how that transition was made. It was a hard time for me, since I had to maintain continuity. First I had worked under President Diaz Ordaz and then under Mr Echeverria. I was caught in the middle of the transition, while still maintaining my loyalty to President Diaz Ordaz.

I never make political predictions, but Silva Herzog is a very competent, very capable man. He has a good deal of experience in working with the department of finance. I think he supports presidential candidate Miguel de la Madrid. They are friends and the candidate is on affectionate terms with him; he recognizes his worth. Also, the accountant Ramon Aguirre, secretary of programming and the budget, is another person who supports the same candidate. That is natural. With all due respect for President Lopez Portillo, when De la Madrid is president-elect--and I am sure he will win the election--he will have to deal with the preparation of the budget for his first year in office, for the budget is in essence a program for development.

According to Antonio Carrillo Flores, who was secretary of finance under Ruiz Cortines at the time of the 1954 devaluation, the decline in the peso does not affect the person responsible for economic policy, especially in a country like Mexico which, "taken on a day to day basis, does have a promising future." He does of course recognize that a devaluation is very hard on the secretary of finance. But "Mexico is strong, with a sound structure, with a recovering agriculture. We are in a much better position than the countries which have to import crude. I think that, without failing to recognize that we are going through a situation that does hurt the workers and other people living on fixed incomes, there are solutions and we are all in the same boat. Of course, I am optimistic. We don't live in a state of confusion."

On the subject of the message conveyed by the change in the secretary of finance, the former government official said: "It is a valid assumption" that this will pave the way for the transition to the incoming administration, "which will be the administration of the PRI candidate, because that is the majority party. And although De la Madrid is still technically just a candidate, he will win the election." He mentioned that "it is possible that the case of the replacement of Antonio Ortiz Mena, the secretary of finance under President Diaz Ordaz, who was replaced by Hugo B. Margain, may be repeated."

Question: What are they trying to do with these changes?

Answer: The idea is to have a new face to prepare the financial legislation for the following administration. I couldn't say, in this specific case of Ibarra Munoz's replacement by Silva Herzog that they are starting to turn over the command, since it is still 6 or 7 months before that. In reality, the transition starts after the elections. But I have the impression that in the recent resignation there is the intention that the new secretary of finance should have to prepare the first budget for the next administration.

For Margain, the Ibarra Munoz resignation came as no surprise. He said that during times of economic problems, the people who are responsible for economic policy get worn down. "This replacement will strengthen the financial sector. It calls attention abroad to the political weight of the economic adjustment in Mexico. Still, at the embassy of Mexico in Washington, I received news of Ibarra's resignation, and that very same day, felt that there was a great deal of confidence in international financial circles.

Question: Why do secretaries of finance resign?

Answer: They get worn down, especially at times of decisions about devaluation. The problems reduce their ability to maneuver.

Question: In Mexico these resignations are taken as a form of creating scapegoats. Is that true?

Answer: No, not at all. Thinking that the devaluation is David Ibarra's fault is a mistake; that is not true. We do have some responsibility in our positions, but the problems are greater. I think that today they want to have a well known person as secretary of finance, someone who is an all-out enemy of inflation, who does not have any desire for devaluation. If there is a resignation, that strengthens the administration team. These are necessary adjustments. We must know that we have the president's confidence until the president decides to replace us. I give the president the right to make any changes he wants; they are for the good of the country and of the president.

Margain says that the message conveyed by the change in the secretary of finance is a refocussing of economic policy; it is a return to the idea that inflation is a very high price to

pay for development. If the president did want the country to grow at the cost of inflation, now he perceives the need for another team to fight inflation. And in saying that, I am basing my comment on the candidate's campaign; he wanted to fight inflation. What is important today is to move forward, since what he had when he came into office in 1976 was a crisis, and now in 1982, some major achievements have been made: employment and economic growth.

Carrillo Flores indicated that in his view devaluation is an economic phenomenon. The fixed exchange rate, which was abandoned in 1976, was not new; since Porfirio Diaz there had been slippages and devaluations. The administration of Ibarra was a courageous effort. He had to deal with very difficult international and domestic situations. During periods without major problems, the secretaries of finance are considered great officials, but in crisis situations, these same officials undergo some damage to their images.

Devaluations do bring about some disorder, people say. There is confusion and crisis as there was in earlier devaluations. But afterwards come periods of prosperity. This year's devaluation is a great problem, but not a national disaster. It is a serious problem but we do have, and this is most important, political stability and a strong government. There will be a few weeks of confusion, but I have confidence that things will soon straighten out.

7679

CSO: 3010/1228

PMT, PSUM UNIFICATION TALKS

Mexico City EL DIA in Spanish 1 Apr 82 p 7

[Text] The fourth national assembly of the PMT [Mexican Workers Party] has authorized the PMT leaders to resume talks on a unification with the PSUM [Unified Socialist Party of Mexico] "After the 4 July elections, and if the points agreed upon before the suspension of the talks are accepted," reported reliable sources.

The withdrawal of the PMT from the unification process of the major forces of the Mexican left, announced on 22 October 1981, was caused by disagreements about the name, the motto and symbol of the new party, the composition of the national leadership body, but above all, about the appointment of the provisional secretary general.

The PMT has proposed for the new party the name of Revolutionary Party of Mexico; for the party motto, "For Democracy and Socialism," which has already been approved, and as a symbol, a machete and hammer. It proposes that its national board consist of 48 members and in addition, that the secretary general until the first party congress should be Heberto Castillo, president of the PMT.

The PMT plenum, held in Mexico City last Saturday and Sunday [27-28 March], was attended by 849 delegates from 24 states of Mexico. It was convened specifically in order to "analyze and discuss" the results of the withdrawal of the party from the unification process.

7679

CSO: 3010/1228

SKETCHES OF FIVE PRI REGIONAL DELEGATES

Mexico City PROCESO in Spanish 8 Mar 82 pp 6-9

[Article by Elias Chavez: "Masters in Adulation, Intimidation, and Corruption --Five Experts in Mexican-Style Politics to Produce Moral Revitalization for the PRI"]

[Text] When the PRI [Institutional Revolutionary Party] on 12 February announced the names of its five regional delegates, it was learned that the proposals for change announced by Miguel de la Madrid are not going to be taken as seriously as one might have presumed; these proposals included moral renewal, a new style of making politics, renewal of the revolutionary movement, with agreement between words and actions, demand for personal morality and public morality.

Teofilo Borunda, Manuel Bernardo Aguirre, Rafael Hernandez Ochoa, Jorge Rojo Lugo, and Miguel Covian Perez in effect in many ways are the very antithesis of the qualities and virtues demanded by the presidential candidate of the party that nominated them.

The five are profoundly experienced in the art of "Mexican-style" politics: almost all of them know how to engage in adulation, they know how to engage in intimidation, and they know how to engage in corruption. And their savvy will be used among other things to coordinate the campaigns of PRI candidates for senator and deputy.

Except for Covian Perez, the other four have gotten rich under the protection of the government. In one way or another, the five belong to the caste of counts and viscounts of the revolution who now, as regional PRI delegates--a newly created job--have the following jurisdictions under their control:

Colima, Michoacan, Guerrero, and the State of Mexico for Manuel Bernardo Aguirre; Baja California, Southern Baja California, Sonora, Sinaloa, and Nayarit for Teofilo Borunda; Tamaulipas, Nuevo Leon, Coahuila, Chihuahua, and Durango for Rafael Hernandez Ochoa; Puebla, Hidalgo, Morelos, Tlaxcala, Queretaro, and Veracruz for Miguel Covian Perez; Zacatecas, Aguascalientes, and Jalisco for Jorge Rojo Lugo.

Manuel Bernardo Aguirre

A man of great audacity and political sensitivity--he always knows where the ball is going--Manuel Bernardo Aguirre Zamaniego was born on 20 August 1908 in Parral. At least, that is the official figure because his origin was so humble that nobody knows where his birth certificate is. Although he officially says that he studied engineering, it is generally believed that he is a self-taught man. He himself tells his friends that he studied "in the school of hard knocks." When he was young, he worked as a ticket-taker in the Alcazar motion picture theater in his hometown. He liked the environment. Very methodical, he always slept in the afternoon and he still does so with even more reason. He went to the city of Chihuahua and began his political career there as state PRI leader, mayor, twice federal deputy--from 1940 until 1943 and from 1961 until 1964--senator from 1964 until 1970, senate leader, agriculture secretary from 1971 until 1974, and governor of his state.

Parallel to his political activities, he has been the legal representative of the American Smelting and Refining Company and the West Mexico Mines Company. He owns several ranches in Chihuahua and Veracruz.

During the 6-year term of President Diaz Ordaz, Manuel M. Moreno was the senate leader; he was appointed governor of Guanajuato. The leadership next was taken over by Rafael Murillo Vidal who in turn was sent to govern Veracruz. And then, in 1968, Aguirre Zamaniego became senate leader. An old friend of another old politician, Alfonso Corona del Rosal, the present regional delegate of the PRI displayed his political "skill" when the presidential succession was decided in favor of Luis Echeverria: he switched sides in the typical way, he broke with his friend Corona del Rosal--who also wanted to be president of the republic--and he joined the hosts that followed Echeverria.

He came up with another example of his audacity and skill when, during a trip, he took Echeverria to one of his ranches. He turned out to be a technical expert on agricultural questions and spoke at length and in a very informed manner about irrigation through sprinkling. Profoundly impressed, Echeverria made him secretary of agriculture and animal husbandry. Immediately afterward, Aguirre Zamaniego instituted the famous Sunflower Plan which had produced such marvelous results in Russia. The only difference was that the plan failed in Mexico. The planting of fruit and corn was stopped to make land available for sunflower cultivation. That was the time when Mexico began to stop exporting those cereals and became an importer.

When he left the Agriculture Secretariat to become governor of Chihuahua, he took with him in a dispatch case 25 million pesos--"out of forgetfulness," his friends say. Later on he had to return the money to the Office of the Attorney General of the Republic. Since then, Bernardo Aguirre and other former officials whom prosecutor Oscar Flores Sanchez forced to return money, are called "the returners."

Next, President Lopez Portillo called him a "sage of politics" and he believed it. Once again he used his knowhow: at the end of 1980 he heard the president

speak words of praise for Oscar Ornelas which was an indication that this particular senator would be his successor as governor of Chihuahua. Once again, to demonstrate that he is a "Zorro in politics," Manuel let it be known that Oscar Ornelas got the governorship with his help whereas in reality he had wanted somebody else for the job. Gustavo Carvajal, leader of the PRI at that time, challenged him for "removing people" without his authorization.

Almost on the point of leaving the governorship of Chihuahua, Aguirre Zamangio manipulated to make everybody believe that he would be the savior of the PRI, that he would become party chairman, in place of Carvajal. But he was disappointed because Lopez Portillo appointed Javier Garcia Paniagua.

In addition to being skillful, Manuel is quite folkloric. Many still remember that, when he went to Hawaii, where he had gone, as senator and leader of the Mexican delegation, to attend the meeting of Mexican and U.S. congressmen, he rolled up his trousers, put on a grass skirt, and danced the hula. Luis M. Farias, the current leader of the Chamber of Deputies, intervened on that occasion to prevent the publication in Mexico of photos showing Manuel wiggling his hips and distributed by AP.

He is also given to making wisecracks. When he was agriculture secretary, there was a flood in Bajio. He accompanied President Echeverria to inspect the damage. He was asked to what extent the water would affect agricultural production. And he came up with an answer that has become famous: "This will neither harm nor help us--quite the contrary." His most recent statement in December came when Miguel de la Madrid visited Chihuahua. Manuel was asked for his opinion about the election campaign. He replied: "I can say without fear of contradiction that the situation is not only improving but that it is also deteriorating."

Teofilo Borunda

Legendary by virtue of his popularity at the start of his political career, Teofilo Borunda is also famous for his wealth which he amassed under the Aleman administration when large-scale corruption became general practice. Oddly enough, that was the time when the party also became institutionalized in power; it changed from the Party of the Mexican Revolution to the Institutional Revolutionary Party.

No details are known about Borunda's higher education, nor his high school education. He was a deputy from 1943 until 1946 and from 1949 until 1952. He was also an alternate senator from 1946 until 1952 and a full senator from 1952 until 1956. During that year, he asked for leave to become governor of Chihuahua. He is a friend of Rodolfo Sanchez Taboada, the secretary general of the PRI National Executive Committee. In 1970 he once again tried to get into the senate but failed to do so.

He is the father-in-law of a young politician from Veracruz by the name of Fidel Herrera Beltran of whom it is said that in politics he progressed from a politician still wet behind the ears to a powerbroker without having gone through the stage of maturity.

Already a millionaire, Borunda ran for the governorship of Chihuahua during the term of Adolfo Ruiz Cortines. The presidential nominees included him, Borunda, and the current attorney general of the republic, Oscar Flores Sanchez. One day, the president summoned Oscar--whose name he pronounced with the accent on the a--and asked him:

"Who would be the better candidate, you or Teofilo?"

Knowing Borunda's popularity, Oscar replied:

"Obviously, Teofilo would be the better candidate but I would be the better governor."

"You said it. Oscar, you said it," the president commented.

Teofilo certainly reaffirmed his popularity during the election campaign. But things changed when he was governor to such an extent that the people on one occasion stoned him. Wherever he turned up, the people would boo him and hiss at him and his party.

Hernandez Ochoa

Rafael Hernandez Ochoa was born on 4 June 1915 in Santa Gertrudis, in the township of Vega de la Torre, Veracruz.

An attorney, he was a municipal judge and a prosecutor. Before becoming deputy in 1973, he was assistant director of settlements in the Secretariat of Government from 1958 until 1961; he was the private secretary and buddy of Luis Echeverria; he was also director of political and social research in the Secretariat of Government where he was also under secretary from 1964 until 1970; from 1970 until 1972 he was secretary of labor; in 1974, he resigned from the Chamber of Deputies to become governor of Veracruz.

He is very much given to collecting ranches. It is well known that he has enormous property holdings in Veracruz--some of them even provided with a landing strip--in his own name or in the name of front men. He demonstrated his talent in the real estate business some years ago when, in San Jeronimo, in the Federal District, he purchased vast areas of land at 2 and 3 pesos per square meter.

When he was secretary of labor, President Echeverria gave him a job. But Hernandez Ochoa was thrown by his horse and his kidney trouble developed again. Echeverria was disgusted because he left the job he had given him. And while he was convalescing, he informed him that "it would be convenient" for him to resign his position as secretary of labor.

He was sidelined for several months until, with the help of Jesus Reyes Heróles, at that time the leader of the PRI, he managed to become deputy in 1973. Then came the "carbonelazo" affair when Manuel Carbonell de la Hoz became PRI candidate for governor of Veracruz.

Hernandez Ochoa was one of the first to come out in support of Carbonell until Reyes Heróles, interviewed by Angel Trinidad Ferreira, wiped the "early riser" out with his famous comment: "As a citizen of Veracruz, I will not vote for him."

Rojo Lugo

In addition to inheriting a fortune, his father's name helped Jorge Rojo Lugo --a lawyer, 52 years old--to rise to political and government positions as director of the National Agricultural and Livestock Bank, director of the National Rural Credit Bank, governor of Hidalgo, and secretary of agrarian reform.

Along with two of his first cousins--Humberto Lugo Gil (leader of the CNOP [National Confederation of Popular Organizations]) and Adolfo Lugo Verduzco (senior official in the PRI), Rojo Lugo was a school chum of Miguel de la Madrid Hurtado in Cristobal Colon.

A big horse racing fan, he has no business other than a ranch in Queretaro. In 1976 he asked leave of the Congress of Hidalgo to resign as governor and to become secretary of agrarian reform under President Lopez Portillo.

In his place he left as acting governor his good friend Jose Luis Suarez Molina from whom he quickly dissociated himself because of a tiff between their spouses caused by possession of Government House.

His work in the Agrarian Reform [secretariat] was rather mediocre. Agricultural problems kept piling up in Hidalgo during his term of office. Parallel to that, there was increasing hostility between him and his former friend Suarez Molina who in turn proved unable to run the state as governor.

With the intention of ousting Suarez Molina to put a less ungrateful friend of his in as governor, he had a meeting one day with President Lopez Portillo at the end of May 1978 at which time he, Rojo Lugo, took the opportunity to say:

"Mr President, things are going very badly in Hidalgo. Something has to be done."

And Lopez Portillo also saw the opportunity of killing two birds with one stone, that is, to get rid of a troublesome acting governor and to remove a rather mediocre secretary of agrarian reform:

"Yes, things are going very badly, my friend; go to Hidalgo and straighten things out," Lopez Portillo ordered him.

And Rojo Lugo had to come back as governor on 1 June 1978. He used repression to solve many of the problems in Hidalgo. Even Amnesty International accused him of jailing scores of political prisoners.

Rojo Lugo repeatedly denied that there were any political prisoners in Hidalgo. But when he left the governorship, his successor, Guillermo Rossell de la Lama first of all ordered an amnesty for political prisoners.

Covian Perez

After having been a student leader, Miguel Covian Perez entered the Chamber of Deputies for the first time in 1964. His sponsor was Alfonso Martinez Dominguez who helped him along and to whom he owes everything.

He is not involved in any business deals. An attorney who would like to be newsman, he was so poor that, during his election campaign, his wife brought him cakes to the meetings. Once in the Chamber he became quite haughty since he was one of the men close to Martinez Dominguez and held important jobs.

At the end of his term of office as deputy and when Martinez Dominguez left the Chamber, he went through a period of several months of political uncertainty. Everybody assumed that the current governor of Nuevo Leon would give him a very important job but time passed and nothing happened. Alfonso found refuge in an office located at Venustiano Carranza 3, on the ninth floor, where he stayed for several months.

The only loyal followers who would visit him almost every day were Humberto Lugo Gil, Norberto Mora Plancarte, Tulio Hernandez, and Covian Perez.

Finally, the reward came: Alfonso was appointed PRI leader and called on Covian. He proposed making him senator for the Federal District but his plans failed and his protege was made Mexican ambassador to Cuba where his press attache became involved in an espionage scandal in the service of the CIA. Covian was fired from the diplomatic service for the well known "reasons of health" even though he was obviously quite healthy.

But Martinez Dominguez' political star was far from declining on Corpus Christi Day. This is why, when Covian returned from Cuba, he said at the airport in Mexico City: "I have come to place myself under the orders of my only boss, Alfonso Martinez Dominguez"; but that was an insult to President Diaz Ordaz who had appointed him ambassador but who of course also had fired him.

Later on, on Corpus Christi Day, Martinez Dominguez left the Department of the Federal District with his entire following. His political group broke up: Fluvio Vista Altamirano got lost; Tulio Hernandez joined the Hank Group and then sought the protection of Echeverria. And Covian sought the sponsorship of Carlos Sansores Perez who rehabilitated him and put him on the PRI National Executive Committee, making him senior official. If before that he was haughty, this job made him absolutely impossible and insupportable. When he spoke, he would lecture. An example of his self-love came during a press conference to which he had summoned the "Negro" Sansore; he abruptly took the floor from the PRI leader and it was he, Covian, who continued speaking and gave the press conference. He wanted to be more "Negrista" than the "Negro."

Supported by Sansores, Covian was a PRI representative to the Federal Electoral Commission. One day he arrived at a meeting in a very disturbed state of

mind and, in front of the representatives of the other political parties, had a debate with the commission chairman and secretary of government, Jesus Reyes Heróles. There was a stormy clash during which they read the riot act to him.

After the downfall of Sansores Perez, Covian remained ostracized for almost 2 years. He resurfaced last December in Zamora, Michoacan, during a meeting of the IEPES [Institute of Political, Economic, and Social Studies] which was chaired by Miguel de la Madrid.

Before being appointed regional delegates, Aguirre, Borunda, Hernandez, Rojo, and Covian tried to get appointed to the next legislature. In changing the nominations, the PRI ordered them to coordinate all the other state delegates as well as the candidates for deputy and senator with whom Miguel de la Madrid will revitalize the morality of Mexican society.

Although the old rule says that it is better to plant than to harvest, the appointment of those five regional delegates and the "removal" of many who would like to run for deputy and senator constitute two examples of the way in which the old-line politicians obstruct the way to the top. This in spite of the fact that the presidential candidate also announced a "renewal of the revolutionary movement."

5058

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IMPACT OF HIGH COST OF LIVING PORTRAYED

Mexico City EL DIA in Spanish 28 Mar 82 'Metropoli' Supplement p 5

[Article by Jesus Brito: "Eighty Percent of the Employed Population in the Metropolitan Area of the Federal District Make a Little More Than the Minimum Wage"]

[Excerpt] Sign of bad income distribution: Rubio Rojas, of the CEPES [expansion unknown].

In the metropolitan area of Mexico City, 79 percent of the employed population earn up to 9,600 pesos per month--in other words, a little more than the minimum wage--as a sign of poor income distribution not only because of its reduced diversification but also primarily because of its insufficiency in taking care of the basic necessities; this was noted by Leopoldo Rubio Rojas, of the CEPES.

Since around 60 percent of that income goes for food, there is no doubt as to the impact deriving from changes in food prices and the action of the retail sales companies regarding the living standard of the vast majority.

However, until a very short time ago the struggle of the Commerce Secretariat was aimed at making sure that the merchants would not change the prices on commodities under the pretext that the peso is being devalued. The ordinary consumer is a witness to the reduced effect deriving from the closing of well-known business establishments and the absurdity of prices on almost all products.

More than 30 days after the devaluation of the peso, it is therefore a good idea to review prices on basic daily necessities, looking at the examples represented by the earnings of a part-time employee and a middle-class employee, representatives of the groups most heavily hit by the rise in the cost of living; it might also be a good idea to figure out how many day wages one of those persons would have to pay to purchase a pair of shoes, a suit, or a kilogram of fish.

Ridiculously Low Wages

It must be said that, although basic products presently have reached a more or less stable level--which is still rather high--there are certain extremes in

those prices which scare even the most seasoned consumer, such as a housewife; that is true of lemons which went up from 30 to 90 pesos per kilogram but now they cost 40. Something similar happened with onions.

During these days of Lent, bream costs 400 pesos per kilogram--almost two days minimum wage--and dogfish costs 200; a kilogram of hamburger is sold at 160 at a market in the Iztacalco development and at 200 pesos in a development inhabited by people with higher incomes. The same is true of pork.

For us Mexicans, who love our chili, avocados, and coffee, a kilogram of chili costs 200 pesos and a kilogram of "guajillo" costs 170, that is, on a market on wheels. What does this price mean to families with 11 and even 15 members who eat chili with all of their meals? Avocados cost 60 pesos per kilogram; a 200-gram jar of Decaf costs 85 pesos, one-quarter of the minimum wage.

Here are other prices: a kilogram of chicken, 160 pesos; an egg, 34 pesos; a kilogram of apples, 60 pesos; a kilogram of rice, 40; garbanzo beans, 25 pesos; safflower oil is so scarce it is sold only one bottle at a time; raisin bread, 5-7 pesos a piece; tomatoes dropped to 15 pesos per kilogram; a piece of cauliflower costs 15 pesos; a kilogram of beans costs 68 pesos; a piece of bath soap costs 12 pesos. The question is this: How much does the daily cost of the three meals for an average family rise?

Income Less Than Expenses

Looking at the group of part-time employees--the itinerant vendors of candy, kleenex, toys, pastry and other items--we might take the example of two shoeshine boys; Rosalio Martinez does not have a fixed location to polish shoes; he goes around the various restaurants, business establishments, and gardens in the downtown section.

"How much for a shoeshine?"--"Fifteen pesos."--"How many shoeshine jobs do you do per day?"--"Something like 15."--"Why do you not raise the price?"--"Because then they would not want to get a shoeshine."--"How many children do you have?"--"Three."

Among shoeshine boys there are some who are privileged, such as Humberto Gil who comes from Hidalgo; he has a permit to enter the offices of the Department of the Federal District to give shoeshines. He gets 20 pesos for each shoeshine and he does an average of 20 shoeshine jobs per day, in other words, 400 pesos per day; the other shoeshine boy makes 225 [pesos] per day, plus extra money from the sale of magazines and on some Sundays he sells refreshments and candy in the soccer stadium at Nezahualcoyotl. With a maximum of 400 pesos per day he cannot even buy a pair of the cheapest shoes which cost 59 pesos in Tepito or on the Granaditas market; nor does a day's wage give him enough to buy a pair of slacks for his wife in the downtown stores; that is not enough either to take his kids to the movies and it is certainly not enough to pay a doctor's fee and to purchase medicine.

The income of the middle-middle class--likewise most seriously hit by the rise in the cost of living--ranges from 9,000 to 25,000 pesos; in other words, as much as three times the minimum daily wage. Here--according to a survey conducted by Metropoli--we have store employees, teachers, and even most of the newspaper reporters, cabdrivers, and medium-level merchants.

A Suit--15 Days' Wages

For this very vast sector of the population, the situation is no less difficult; many of these people, who must go to their offices impeccably dressed, must invest what they make during 15 days of work to purchase a suit that will cost as much as 8,000 pesos; they must invest 3 or 4 days' work to purchase a pair of shoes that will cost between 1,500 and 2,000 pesos; they must spend 1 or 2 days' wages--if they make twice the minimum wage--to buy a blouse for the wife costing 1,489 pesos at Sears, for example; it takes one day's wage or more to buy a shirt costing 600 pesos or more; to these few examples we must add the fact that rent for modest apartments range from 1,000 to 3,000 [pesos]; thinking of vacations is simply crazy and taking the family each weekend to a show or to a restaurant can plunge you into debt and give you sleepless nights. It must also be noted that the monthly income of the middle-middle class is further diminished by between 1,000 and 2,000 pesos in various taxes.

This situation involves thousands or perhaps millions of homes in the Federal District and throughout the land; in realistic terms, this means malnutrition for the Mexicans, an obstacle for the continuation of studies because of longer working hours and despair which nevertheless does not seem to worry the small group of Mexicans who hold more than 75 percent of the nation's wealth, according to the Association of Economists.

6015

USE: 3010/13.5

OTEYZA ANNOUNCES 12-POINT ECONOMIC PROGRAM

Mexico City EXCELSIOR in Spanish 25 Mar 82 pp 1-A, 12-A, 27-A

[Article by J. Jesus Rangel M.]

[Text] Uncontrolled speculation has brought about monetary devaluation, said Jose Andres Oteyza, the secretary of SEPAFIN [Department of Patrimony and Industrial Development], while announcing a 12-point program which includes tax incentives for employment, financial aid, and resolutions concerning requests for price increases. This program should "keep us away from the dangers of instability and preserve, to the extent possible, the employment policy."

He said that it is expected that the average special salary increase will really be a 24-percent increase, and that, based on the package of support measures announced yesterday, the government will contribute 5 percent, so that "the businessmen will have an average of only 19 percent to pay directly."

He added that at these crucial moments the government is offering not only this financial support, but also its assistance with dialogue, negotiations, and reconciliation, "so that all together we may continue to seek solutions, to undertake specific actions, to improve our economy, and faithfully carry out our long-term plans which, acting as a democratic nation, we have developed."

The official urged Mexico's industrialists who are attending the annual CONCAMIN [Confederation of Industrial Chambers] assembly to remain calm, not to change course, and "not to let ourselves be overcome either by speculators or by middlemen."

Mr Oteyza said that inflation, high interest rates, the deficit in our balance of payments, "and above all, unrestrained speculation, have brought the nation to the critical times it has

experienced in recent weeks." For this reason, we now need a program of economic consolidation that will "keep us away from the dangers of instability."

The measures proposed are the following:

1. Certificates known as CEPROFI [Fiscal Incentive Certificates] equivalent to 15 percent of the monthly payroll will be issued. The payroll figure will be calculated as an average for the year 1982 and will be based on minimum wage rates. Businesses which can prove they have maintained their level of jobs will be entitled to these certificates.

"It is estimated that this benefit may reach a figure on the order of 15 billion pesos which, as it is not accumulative, will have a real impact of approximately 30 billion pesos, in helping businesses to meet their obligations resulting from the recent wage adjustment. In the case of small and medium businesses, the stimulus provided will be larger in relative terms."

2. An additional incentive is being provided to generate jobs. For this purpose a 2-year CEPROFI will be issued, equivalent to 80 percent of the businesses' payroll increase. Furthermore, an incentive will be granted to businesses which maintain or establish specific training programs for their workers.

Payment of Debts

3. Businesses will be allowed to anticipate their tax deductions for exchange losses for up to one fiscal year. This means that businesses with liquidity problems may thus make additional resources available to themselves to meet their debts contracted in dollars, and those which result from the wage adjustments.

"The interest rate charged will be half of that charged for fiscal credits in general."

4. Businesses with exchange losses may reduce their profit coefficient applied in order to determine payment of their estimated taxes. This will help a good number of businesses to avoid income tax payments during the present year.

5. Businesses will be allowed to defer a third of the total taxes withheld from their workers for salaries paid during March 1982. The deferred tax will be payable in three equal installments in September, October, and November 1982, bearing interest at the rate of 1.5 percent per month.

"It has been estimated that this deferment might amount to 4.5 billion pesos. This provision is designed to help businesses to meet obligations resulting from the salary increases, by providing greater liquidity and some benefits in their financing costs."

6. The Mexican Social Security Institute has expressed its willingness to support to the fullest extent possible business compliance with the obligations resulting from this wage adjustment.

Increased Financial Aid

7. The amount of resources administered by state funds for the development and promotion of priority activities will be increased, especially those related to medium and small industries, in order to improve the financial support that is granted at favorable term and rate conditions.

"This provision is designed to enable the hardest-hit businesses to rebuild their working capital, thus helping to avoid a reduction in jobs and in supplies of basic goods, caused by liquidity problems."

8. These last measures of a financial nature are provided in addition to those announced earlier on 10 March, expanding the criteria governing aid to small and medium industries, provided from the appropriate fund established by the federal government. And at the same time, a mechanism has been set up jointly with the commercial banks of Mexico to back priority industries which have been hurt by the exchange modification.

"In addition, the Bank of Mexico has expanded and improved access conditions for the instrument known as 'deposit-credit' for encouraging investment in machinery and equipment not produced in Mexico. This incentive consists of converting foreign currency used for this purpose into Mexican currency."

Adaptation of Mechanisms

9. In the case of basic products, the mechanisms already provided by the federal government concerning wage-price agreements will be adapted and made more flexible. Because of the present economic situation, the intent is that the prices of basic products should tend to decline in relation to wages, in order to guarantee a steady rise in the workers' standard of living.

"In implementing these mechanisms, a number of additional criteria will also be considered, such as the financial aid of 35 billion pesos for basic products already approved by the executive, as well as the fiscal incentives listed above, in order to avoid having the full burden of the adjustment fall on price changes. We will also have to determine more precisely the appropriate profit margins."

10. As for prices of controlled items, the department of trade has informed me that it already has estimates of the impact of the devaluation and the wage adjustment on costs in 72 areas of production, so that we will be able to respond quickly and flexibly in dealing with revisions requested by the businesses whose products are subject to the cost-price-profit system. If any specific difference should arise, the analysis will be able to focus on that particular point, and not on the total amount of the adjustment.

11. Concerning activities related to our foreign trade and competitive position, a tariff reduction has been approved, to levels existing in June 1981 for 1,500 basic products, raw materials, and capital goods, under the system of requiring import permits, which remains in effect.

"Support for exports is being maintained. For the border area, the fiscal incentive of 10 percent granted for purchases of Mexican origin by businesses is being kept. To this measure will now be added another incentive in the same amount granted to Mexican producers who supply this area."

12. In closing, the secretary of labor has informed me of the firm nature of this resolution, issued at the request of the representatives of both sectors. After a new exchange of views with the workers movement about the execution of this resolution, it has been agreed that businesses and their unions may, without altering the content of the resolution, determine the method and schedule for payment of the retroactive portion of the wage adjustment.

For Government Workers

The government has already begun to apply this plan for its own employees, and for those who work in decentralized agencies and for enterprises in which the state is the majority stockholder.

Jose Andres de Oteyza emphasized that these measures are planned to refocus demand toward the domestic market and to increase our national production, in addition to providing businesses

with sufficient liquidity and cash flow to meet the difficult times facing us in the next few months. "We must preserve our employment policy to the fullest extent possible."

He added that the nature of this crisis must be accurately understood and placed in the proper context, without exaggeration in either direction. "Our course, which is essentially sound, should not be altered," he said. "We must simply attempt to correct any further problems and thus overcome the well known 'financial bottleneck' so that we can help our productive sector to move forward."

He urged industrial leaders "not to let ourselves be overcome by speculators or by middlemen, for these ignoble sectors want to take advantage of every situation, so they can live in the best of all possible worlds: to get rich in Mexico, and squander their profits elsewhere."

He mentioned the "impressive" economic achievements of the present 6-year period, and insisted that "the problems of recent weeks should not lead us to lose our calm and our sense of direction."

In closing, he explained that the more democratic a society is, and the more it wants to preserve its democratic nature, "the more subtle the operation of the entire process should be, and the greater the patience required of all the parties concerned."

7679

CSD: 3010/1217

DISPUTE BETWEEN EMPLOYERS, WORKERS, ON SALARIES

Businessmen: Unable To Pay

Mexico City EXCELSIOR in Spanish 24 Mar 82 pp 1-A, 21-A, 32-A

[Article by Isabel Zamorano, Jesus Rangel, and C. Velasco]

[Text] The businessmen who are members of the CANACINTRA [National Association of the Processing Industry], CONCAMIN [Confederation of Industrial Chambers], and COPARMEX [Employers Confederation of the Mexican Republic] announced yesterday that next Friday they will not pay the salary increases recommended by the department of labor, because these increases are not obligatory, and also because they do not have enough money in the bank. Therefore, they feel that the workers must deal sensibly with this crisis, because if not, the businessmen will be forced to eliminate some jobs.

In an interview before meeting with President Jose Lopez Portillo at Los Pinos in an unscheduled visit, Jose Luis Coindreau, Alfonso Pandal Graff, and Ignacio Barragan de Palacio, the respective presidents of COPARMEX, CONCAMIN, and CANACINTRA, stated that the recommended wage hikes "are monstrous," and are by no means obligatory; therefore, "it is essential that the workers act sensibly."

Coindreau explained that the real impact of the devaluation of the peso was 8.5 percent, and consequently, the increases recommended by the department of labor do not reflect the true situation.

The COPARMEX president said that the businesses affiliated with his organization do not have enough money in the bank to grant this wage hike which, even to some government leaders, such as Joaquin Camboa Pascoe, "seems higher than was expected," according to comments made in recent days by the senate leader.

Alfonso Pandal Graff and Ignacio Barragan de Palacio agreed about the "non-compulsory nature" of the increases. They met with the president and members of the economic cabinet in order to consider the measures which the government will take to support the business community at this time. These measures are to be announced today at the CONCAMIN assembly.

Real Increases

Ignacio Barragan de Palacio, the president of CANACINTRA, felt that the wage adjustments should be based on the economic position of each business, since they are an attempt to act with justice to restore the workers' purchasing power.

He warned that "if, because of these wage increases, jobs have to be eliminated, the hardship will be greater for everyone."

For this reason, the business leaders feel that the proper thing would be for each business to determine the increase it can offer its workers, based on its capabilities and its liquid assets.

As for the strike planned if the wage adjustment of 30, 20, and 10 percent is not paid, Barragan de Palacio asked both the workers and the government to show common sense, since job sources must be protected.

The CANACINTRA president said that negotiations on the payment of adjustments being conducted by the business community do not mean that the promise the businessmen made to President Jose Lopez Portillo at Cancun will not be honored; they are making extraordinary efforts to restore the workers' purchasing power.

In addition, Barragan de Palacio said that already many business leaders are informing their employees about the amount of the increase they can expect, and CANACINTRA is acting as a negotiator, basing these negotiations on the real capabilities of the businesses involved.

Purpose of the Meeting

Barragan de Palacio reported that the purpose of the meeting with the president at Los Pinos was to analyze the package of business stimuli that will be announced today at the CONCAMIN assembly.

The leaders of the three business organizations told the executive that if the problems are to be solved, they must be shared, and everyone must act in good faith.

They said that at the meeting the need for calm was cited, and it was stated that threats and pressures should be avoided, in order to avoid confrontations.

They also said that the businesses which are members of their groups are prepared to pay a just wage in order to avoid hyperinflation and to achieve the liquidity needed if they are to remain decisive factors in the nation's economy.

Accusation of Treason

Mexico City EXCELSIOR in Spanish 24 Mar 82 pp 1-A, 12-A

[Article by Isabel Zamorano, Jesus Rangel, and C. Velasco]

[Text] The government will continue to take appropriate action in order to harmonize the legitimate interests of the factors of production, the secretary of labor and social welfare, Sergio Garcia Ramirez, said yesterday.

In the meanwhile, the president of the CGT [General Confederation of Workers], Lorenzo Valdepenas, said that "the businessmen, who claim to be nationalists, are refusing to comply with the salary adjustment."

The workers' leader said that the attitude of the employers' sector is clearly one of high treason, as they are attempting to show up Mexico and the government of President Jose Lopez Portillo.

Lorenzo Valdepenas, one of the workers on the workers' commission which has attempted to negotiate the salary adjustment, said that "the position of private initiative will definitely cause problems for the nation."

He then added that at this time "the unity of the productive sector of Mexico is essential. We must put aside all sorts of interests that might cause problems for our nation."

Garcia Ramirez pointed out that given the situation facing Mexico, "we must reject confrontations." He called for serenity in handling the decisions that have been made and will be made in the future.

He added that he had expressed these opinions through Eduardo Andrade, the director of information of the department of labor and social welfare. He said that neither the workers, nor the employers, nor the government "want strikes, bankruptcies, or layoffs."

Pointing out that this is not the right time for debates and confrontations, Garcia Ramirez said that the government will continue to take measures to harmonize the legitimate interests of the factors of production, and at the same time, to raise the workers' standard of living.

Eduardo Andrade, the director of information of the department of labor, stated that neither the country in general, nor any sector in particular, wants controversy, particularly when it is expressed in rude verbal attacks.

The secretary general of the FSTSE [Federation of Government Workers Unions], Luis Jose Dorantes Segovia, explained that "unfortunately, during the negotiations on the wage adjustment, no agreement between the interested parties could be reached."

He said that at these meetings the federal government must act as an arbiter in order to avoid any injustice.

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CSO: 3010/1217

MEAGER LIVING STANDARD OF CACTUS GROWERS

Mexico City EL DIA in Spanish 27 Mar 82 Metropoli Supplement p 2

[Article by Margarita Hurtado: "Exploitation of 190,000 Cactus Growers in Milpa Alta"]

[Text] About 190,000 inhabitants of the Milpa Alta district live every day in exploitation and misery, and receive 200 pesos for a working day from "sunup to sundown."

The lack of sources of work and training centers leaves the inhabitants of Milpa Alta no other alternative than to work as laborers in the field.

There, under the orders and watchful eye of the landholders, they dedicate themselves to the cultivation and harvest of the prickly pear cactus. The work day begins at dawn and ends at dusk.

In exchange for a wage of 200 pesos a day, the laborers are obliged to prepare and fertilize the soil well, in order to then sow the cactus that on maturity will be cut and immediately packaged for sale.

They carry the bales of 4,000 to 5,000 cactus plants on their backs to the center of Milpa Alta, or if available they use carts or other means of transportation.

At one side of the market, which was constructed a few years ago by the Department of the Federal District, the cactus is offered for sale by families owning small parcels or by the landholders' laborers.

Established merchants in the various public markets and commercial centers of the metropolitan area wait for the peasants to sell them their product for ridiculous prices, which they will then resell at a markup of up to 800 percent.

Cars and trucks line up, showing that for them the prickly pear cactus is indeed a business. Not so for the peasants who are employed as laborers, or who are small owners.

The latter, in order to survive, let the entire family work in sowing, cultivating and harvesting the cactus. But no one must assume that all of them receive 200 pesos a day.

Obviously, the children and the old will get less, because they yield only half as much as an adolescent or adult.

So it is, they comment, content that their bosses offer them three meals so that they can produce more. For breakfast they are served a pot of coffee with milk and two pieces of white bread. For lunch they get soup, beans, gravy and tortillas, and in the evening they again receive coffee and bread.

If the boss is in a good mood or is known as a spendthrift he permits the laborers to cut cactus and cook it to eat.

None of the laborers or small parcel owners can count on medical service, and neither are they represented by a union. They work haphazardly; nothing protects them and no one takes care of them or defends them.

They say that they are only working to survive, because, as it was said earlier, the cultivation and harvesting of cactus is a business reserved for the landholders and merchants.

These people, they added, have the facilities and economic means for getting the product to public markets and commercial centers where the cactus brings them unimaginable profits.

Traders, as well as other persons coming to the center of Milpa Alta to buy prickly cactus leaves will pay only 20 to 30 centavos per unit. These same products will cost 2 pesos in any market or commercial center.

They verified that they never received help from anyone. "Everything that is said is pure publicity, because the peasants and population of Milpa Alta are excluded from all services."

They encounter numerous difficulties on a daily basis if they want to sell their harvest themselves, whether it be in the Jamaica or the Merced markets.

Here they must pay taxes to the Secretariats of Finance, Commerce and Health. But does not include the charge for floor space collected by the Department of the Federal District, they said.

And that does not take into consideration the fact that the truckers charge them 150 or 200 pesos for freight, that is, for each bale of cactus containing 4,000 to 5,000 units.

All of the foregoing makes them dependent upon traders or established merchants in the various markets of the metropolitan area.

They affirm that they remain in this activity because they inherited it and it would be difficult to leave it.

BRIEFS

CENTRAL AMERICAN REFUGEES DEPORTED--Coahu, 28 Mar--Eight Central Americans--seven Guatemalans and one Salvadoran--as well as two Mexican guides were arrested this morning by immigration authorities as they tried to cross the border into the United States. The illegal aliens were heading for Crystal City, Texas, 200 kilometers from this city. Carlos Rueda Amezcuita, head of the population and migration office, announced that the guides were turned over to the office of the prosecutor for trial; the Central Americans will be sent to Nuevo Laredo, Tamaulipas, for deportation to their countries of origin. The guides, Jaime Diaz de Royos and Gilberto Barcenas Batalla, said that they got \$409 for each person they illegally sneak into the United States and that they managed to get the Central Americans into Mexico via Comitán, Chiapas. They are: Miguel Mejia, Fidencia Lima, Salvador Pineda, Jose Gomez, Federico Mellado, Arco Alvarez, Sotero Luna, and Edgar Martinez. [Text] [Mexico City EXCELSIOR in Spanish 29 Mar 82 p 39-A] 5058

REFUGEES EARN 80 PESOS DAILY--Like shadows, taking short steps, with their hearts in their mouths, after clearing the last line of soldiers, they were at last able to take their first breather in many years--specifically, 28--since they ousted the first democratically elected Guatemalan president, Jacobo Arbenz. The first 1,500 Guatemalan refugees who entered Mexico on 20 December 1980 came from Chacaj, taking with them the few belongings which the "kaibiles" had left them. As always, with terror showing in the faces of the old folks, the women, and the children, they told the same stories as in other places in Central America. Threats and deaths because they are peasants. A crime punished with execution in Guatemala. In Chiapas, the new promised land, they settled in La Sombra, a township in Trinitario, 80 kilometers from Comitán, on the border, where they found some strong helping hands perhaps for the first time and a doctor who took care of them. They even managed to get work in the fields, in some cases making as much as 80 pesos for a day of hard work. They say that they are happy to be in Mexico and they remember the Guatemalan guardsmen entering their homes, doing damage, and hanging people by the roadside. They confessed to having been born--a terrible crime in Guatemala. The photos show Guatemalans among friends, among their families, going about their daily chores, in their new homes. [Text] [Mexico City EL DIA in Spanish 28 Mar 82 p 16] 5058

ALBANY SUPPORT ELECTIONS--The Mexican bishops are in line with the episcopates in Guatemala and El Salvador, because they think that the elections in both countries are the beginning and the impetus to a solution to the area's conflicts, said Father Francisco Ramirez, executive member of the Episcopal Commission for Social Communications. "When the ship springs a leak everyone should come to the rescue," commented the priest, explaining that in this case, independent of the ideology and the struggle, we need to seek peace in Central America, and elections are an important step in that direction. Father Ramirez reported that a commission of bishops from the Latin American Bishops Council recently completed a tour through El Salvador, Honduras, Nicaragua and Guatemala in order to become familiar with the situation, converse with their colleagues in those countries and learn what is happening. This commission was composed of the bishops Luciano Mendez de Almeida, secretary general of the Brazilian Episcopate; Genaro Alamilla, secretary of the Mexican Episcopate; Jose Franconis, Secretary of the Venezuelan Episcopate; Francisco Jose Arnaiz from Santo Domingo; and Hector Urrea, assistant secretary of the Colombian Episcopate. [Text] [Mexico City EXCELSIOR in Spanish 6 Mar 82 p 11-A] 9746

CSG: 3410/1303

GOVERNMENT TO ANNOUNCE CHANGES IN ECONOMIC POLICY

Caracas EL NACIONAL in Spanish 26 Mar 82 p D-1

[Article by Edgardo Silberkasten: "Total Reorientation of Economic Policy"]

[Text] After 3 years of official efforts to control inflation in the country, even at the cost of moderate economic growth, President Luis Herrera Campins is preparing to announce profound changes in the basic structure of economic policy. As a direct consequence of the fall in petroleum prices, first, and of the reduced production decreed the previous week in Vienna, Venezuela will receive between 18 and 23 billion bolivars less, which will greatly affect the national budget and seriously compromise the nation's plan during the 4 years remaining before its completion. Because of the three consecutive decreases in the price of Venezuelan petroleum, the National Executive has charged its ministers with the development of a full report on the internal adjustments that should be made. Based on this, three scenarios have been developed for the years 1982 and 1983 which consider a stable petroleum price, but under three alternatives. The first was worked out based upon the current price of \$19. The second is based on a price of approximately \$28 a barrel, whereas the third, taken from the Venezuelan Central Bank, foresees a price of \$27.45 per barrel. This amount was studied by the technicians of the issuing institute during this week. In all three cases the technicians put the fall in income at between 18 and 23 billion bolivars.

In this framework much importance has been given to the statement by Julio Sosa Rodriguez, who during the COPEI summit in Bonaire set out a five-point plan to put an end to the present economic situation. Among them he noted the necessity of reducing excessive current expenditures by means of strict controls in public administration, actions in the area of housing and a clear definition of policy in regard to customs duties. Sosa Rodriguez, who is seen as the future finance minister, pointed out that only on this basis will it be feasible to achieve greater confidence within the private sector, which will bear a large part of the new policy.

High sources within the governing party said that they would be happy to see Julio Sosa designated finance minister, and they predict that in accordance with his view of the process and based on the first results of the work being done by the cabinet to readjust the income and expenditures accounts, the economic reactivation will become a priority matter.

The preliminary studies reveal that the inflationary process in the country has stopped, and that if an increase in the annual rate to the level of 15 percent is necessary, it will not be determinant in the buying power of salaries, whereas it will indeed have an immediate effect on the creation of jobs, on the increase in investment and in the return of a climate of confidence in the country.

Although official sectors have decided to keep prudent silence on this subject, it is known that the measure does not have the support of the president of the Central Bank, who on several occasions gave his decision to combat inflation as the hub of economic policy, since "the price increases affect the entire population, whereas stimulation mainly benefits industry and commerce."

It was also learned that there is uneasiness in government circles on account of the supposed negligence on the part of Venezuelan Petroleum technicians in preparing their reports on prices and production. In this regard they point out that there is a report by the World Bank anticipating what would happen in petroleum and that was rejected by Venezuelan authorities.

Those who risked this position pointed out that presently, in addition to experts of Venezuelan Petroleum, Inc. and the Ministry of Energy and Mines, the authorities of the Office of Coordination and Planning and the Central Bank are working up their own figures which will ultimately be consolidated with those of the petroleum sector.

For now the economic announcements are not just announcements, but they will mark an official effort to stimulate the economy in order to support the coming electoral campaign.

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CONTRADICTIONARY STATEMENTS ON PUBLIC REVENUE CRITICIZED

Caracas EL NACIONAL in Spanish 26 Mar 82 p D-1

[Editorial by Simon Alberto Consalvi in the column "Friday's Notes": "Fiscal Revenues: Who Is Telling the Truth?"]

[Text] This government seems to have specialized in labyrinths. The inward and outward contradiction can easily be demonstrated. There are profound contradictions within the government and there are contradictions--it is logical--outside of it, in the relationship government-country. The most serious crisis suffered by the country is the crisis of confidence. Evidently it is the primary consequence of the contradictions in official policy. Nobody knows what to believe, nobody knows--but everyone senses it--what will be the following day's improvisation. The people do not know what that improvisation is going to be, but they sense that there will be one, and that it will inevitably be contradictory.

One of the most evident causes for the lack of confidence is found in the internal and external contradiction. That is, in the lack of consistency in defining policy and in lack of consistency (if one prefers not to use the word seriousness) in evaluating problems. The Finance Ministry, which is supposed to be precise and mathematically accurate in its economic interpretations, provides an example or sets the tone in this alarming lack of consistency. Initially the finance minister estimated the decline in fiscal resources at a little over 5 billion bolivars. Then, in his Message to the National Congress, using data provided by the Finance Minister, the president of the republic estimated the shortfall at 7 billion. A little earlier the Ministry of Energy and Mines had spoken of a figure in the range of 10 billion. The last estimate by the Finance Ministry (EL UNIVERSAL 24 March 1982) is that the decline in fiscal revenue will be less than 16 billion. In less than 15 days --this is shown by reading or rereading press clippings, official documents or messages--the finance minister has presented estimates of the reduction in revenue ranging from 5 billion to this last abstract figure of "less than 16 billion."

So that not only are there contradictions between what the president of the republic and the finance minister say, but they also exist between what is estimated by the Ministry of Finance and the Ministry of Energy and Mines. One cannot say that an original use of mathematics is involved here, because

it really involves quite simple operations. What is happening then? From Miraflores these contradictions can be seen as simple exercises in amateurism, but the fact is that on the street, and in national and foreign economic circles this disparity in figures and this disparity in criteria give an impression that is incompatible with the idea of consistency and responsibility in the administration of the state. Who, then, can wonder at the crisis of confidence if the official information is no more than a labyrinthic exercise which provides no basis for serious analysis? How can a Venezuelan or foreign investor be expected to program, plan and execute and contribute to overcoming the state fiscal crisis if he receives only disorientation and enrrgy?

In contrast to this diversity in official figures, those offered by experts in opposition parties such as Arturo Hernandez Grisanti, experts in the Confederation of Venezuelan Workers such as Prof Maza Zavala, or the experts of the petroleum world such as Dr Tudela Reverter, revolve around more or less similar estimates in the neighborhood of 20 billion. Such are the unofficial estimates of the fall in fiscal revenue. There is an obvious gap between these and initial estimates by the Finance Ministry, the president in his message, and the Ministry of Mines itself.

The official slogan is reproduced in the phrase that "the crisis is manageable." No one doubts that the crisis is and should be manageable. What is dubious is handling a crisis on the basis of deficient information. The crisis cannot be managed if it is thought or one insist that the decline in revenue will be of a magnitude X, and later this magnitude turns out to be three times as large. The crisis is and should be manageable because a budget of 90 billion can be trimmed just as much as it was exaggerated during formulation.

Certainly the crisis is manageable. But handling or overcoming the crisis requires some priority elements. One of **them, the most** important and indispensable, is that of information. It involves rational (and sincere) estimation of fiscal revenues. Let there not be a Finance Ministry version and one by Energy and Mines, as well as another by Miraflores, because in this way the crisis will not be manageable. The country needs reliable information. There is no reason for such contradictions when it is known that petroleum production will be 1.5 million barrels and what the price will be. It is not a matter of speculating on how many angels fit on the head of a pin. Neither is it a matter of determining--despite the temptation--how many contradictions fit in the head of a certain minister, of these heroes of immovability who have broken all records.

The crisis is always manageable when there is confidence.

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BRIEFS

BRUZUAL REJECTS DEVALUATION RUMORS--Maiquetia, 25 Mar--"Fortunately, those who recommend a devaluation of the bolivar are not in charge of the Central Bank, because it appears that they want to damage the Venezuelan economy," affirmed today Dr Leopoldo Diaz Bruzual, president of the banking institute, on his return to the country. He reiterated once more that our monetary unit will not be devalued. Diaz Bruzual was interviewed this afternoon in the Maiquetia International Airport upon returning from Quito, where he participated in an annual meeting of continental central bank presidents, and where the hemispheric economic problem, were analyzed. By no means--he declared emphatically--is there any problem, and therefore there should be no fears of a devaluation of the bolivar. He was asked about the insistent talk in some sectors concerning the imminence of such a measure, to which Diaz Bruzual responded: "Everyone is free to make absurd statements, because here in Venezuela everyone is free to say what he wants." On the current state of reserves and the effect of reduced income as a result of the diminished petroleum production approved by OPEC, the president of the Central Bank responded: "The reserves are high enough, the same as a week ago." But if they will decrease? "Well, they could fall some," he answered. "If you receive less money or your salary is cut, then logically your income is a little less, but in the case of Venezuela that decrease would not be alarming, not even if as a result of the present situation the loss in receipts were two or three times what is now foreseen." [By H. Mena Cifuentes] [Text] [Caracas EL NACIONAL 26 Mar 82 p D-1] 9746

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